

Mr Brezhnev in Prague for expected Poland summit talks

Mr Brezhnev is expected to preside over the imminent Warsaw Pact summit meeting in Prague, believed to have been convened to take important decisions about Poland's future. Moscow, which has hitherto shown restraint, is leaving no doubt of its displeasure with the Polish leadership. Fresh troops have joined manoeuvres in and around Poland.



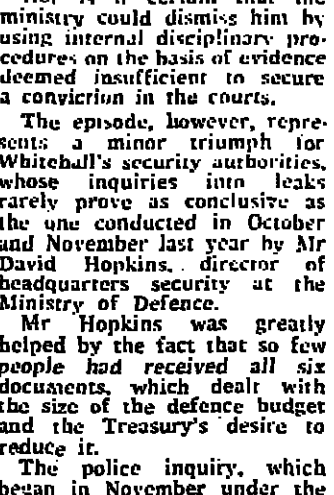
Mr Brezhnev in Prague with Mr Gustav Husak (right), the Czechoslovak party leader.

Warsaw Parliament postponed

From Dessi Trevisan
Prague, April 5
President Brezhnev has arrived in Prague ostensibly to attend the Czechoslovak Communist Party Congress which opens tomorrow. However, it is likely that the visit will preside over the Warsaw Pact summit which, according to East European sources, has been convened to take important decisions about Poland, a topic causing growing concern in East European capitals. Rumours of an imminent Warsaw Pact summit were reinforced yesterday by the postponement of the Polish Parliament's session scheduled for tomorrow. The grounds for the postponement were given in Warsaw as the indisposition of Wojciech Jaruzelski, the Prime Minister. But there are indications that he and Mr Stanislaw Kania, the Polish Communist Party leader, will be going to Prague and that a Warsaw Pact summit will discuss Poland this week. All the indications are of an assurance mounting on the Polish leadership, Moscow, which has hitherto shown some restraint, is leaving no doubt of its displeasure with the Polish leadership. Concern about Poland is expressed in the East European news media and press is daily exerted in despatches voicing anxiety over concessions Moscow and other East European media allege the Polish authorities have made. Moscow is also increasing the pressure, with the deadline set for the Polish party congress, even though the date has yet to be fixed. If the congress takes place, it is bound to turn the Polish Communist Party in favour of reforms and to tilt the balance to the reformist wing. Today the Czechs and the Soviet press have again issued the kind of warnings about Poland which show that Moscow is losing confidence in the Polish leadership. It expresses bluntly Soviet dissatisfaction over the way the Polish leadership is giving in to demands and although it does not accuse it directly of being too weak it says that "real resistance to counter-revolution has not yet been given". Pravda puts the rhetorical question that the Poles are "asking themselves what next". The answer to that may come from Mr Brezhnev. Moscow believes Czechoslovakia is a good example of how to deal with a Communist Party under threat. Soviet and Warsaw Pact troops, with the exception of Romania, marched in to prevent Czechoslovakia from carrying out democratic reforms in 1968. Troop manoeuvres: Fresh troops have joined the Warsaw Pact's manoeuvres in and around Poland over the weekend, the official East German news agency ADN said today. (Reuters reports from Berlin). It said the exercises, which have been going on for 18 days, centred on "the introduction of fresh reserves from deep inside home territory. Units of motorized infantry, tanks, missiles and artillery, as well as reconnaissance, engineer and intelligence units were moved into designated areas by railway transport or in military columns, covered by air defence forces. Other forces were brought to the coast by landing craft." The report gave no indication of how many troops were involved or where they came from. It said the soldiers met Soviet units "from next door", a term used to describe Moscow forces stationed in East Germany. This indicated that East German and Soviet troops were involved in the new deployment. ADN said the new troops were given "political and military briefings on their forthcoming battle tasks". This made clear that the Soyuz-81 exercise, already the longest Warsaw Pact manoeuvres more than a decade, will continue for some time. Sweden surprised, page 13
Leading article, page 13

Leak inquiry points to a top civil servant

By Peter Hennessy
A Scotland Yard inquiry into the identity of the Ministry of Defence member who leaked 30 classified documents to the Press Association news agency last October has concluded, like the internal Whitehall inquiry that preceded it, that a civil servant of principal rank in the ministry's Navy Department was responsible. The man has been confronted with the suspicions but has persistently proclaimed his innocence. The papers dealing with the case are with Sir Michael Havers, QC, the Attorney General, who is to decide whether to authorize a prosecution under Section 2 of the Official Secrets Act, 1911. The indications are that the inquiry has failed to furnish sufficient evidence to prosecute. Nor is it certain that the ministry could discipline him by using internal disciplinary procedures on the basis of evidence deemed insufficient to secure a conviction in the courts. The episode, however, represents a minor triumph for Whitehall's security authorities, whose inquiries into leaks rarely prove as conclusive as the one conducted in October and November last year by Mr David Hopkins, director of headquarters security at the Ministry of Defence. Mr Hopkins was greatly helped by the fact that so few people had received all six documents, which dealt with the size of the defence budget and the Treasury's desire to reduce it. The police inquiry, which began in November under the leadership of Det Chief Supt Kenneth Merion of Scotland Yard's CI branch, reached the same conclusion as Mr Hopkins's investigation. The motive which lay behind the principal's alleged action continues to baffle those involved who believe he is the culprit. They have judged him not to be the kind of person who would leak information. The fact that actual documents were passed to Mr Andrew Webb, a member of the PA's political staff, is unusual, let alone the number involved. The normal method favoured by seasoned leakers is a slow, fragmentary filtration of information, transmitted orally over the lunch table in a manner that disguises its true source, and suggests a number of other potential culprits. It has been suggested that the principal, if he did leak the papers, must be naive in these matters.



Sir Michael Havers: considering prosecution.

Mounting pressure by union activists for national week-long strike New attempt to end Civil Service pay dispute

By David Felton
Labour Reporter
The Government is planning to call in Civil Service union leaders later this week for talks in an attempt to end the damaging four-week dispute by which civil servants have held out against a national week-long strike. Union leaders, who have so far resisted the campaign of industrial action to selective strikes involving only 2,000 of the country's 540,000 white-collar civil servants, are also trying to damp down militancy in the Department of Health and Social Security. Widespread industrial action in that department would lead to payments of unemployment and other social benefits being halted, and while campaign strategists recognize the adverse reaction this would cause, it is not being ruled out. It is understood that Lord Sogames, Lord President of the Council and Minister responsible for the Civil Service, is coming under increasing pressure from ministerial colleagues to take an initiative in the dispute which has caused disruption to collections of income tax and value-added tax. Mrs Margaret Thatcher has held regular meetings with Lord Sogames, Sir Geoffrey Howe, Chancellor of the Exchequer, and Mr James Prior, Secretary of State for Employment, and there now appears to be agreement in Whitehall that the Government should be seen to be making a move towards ending the dispute. A team of senior officials headed by Mr Gordon Brown, deputy secretary at the Civil Service Department responsible for pay negotiations, has been working since before the strikes started on a new system for settling Civil Service pay increases. The draft of a new system, now nearing completion, is expected to include the principles of comparability, arbitrariness and independent fact-finding upon which the unions have insisted. But it is thought also to contain clauses enabling the Government to retain "political control" over future pay bargaining. Sir Geoffrey Howe has indicated already that the Government will be seeking a limit of about 5 per cent on pay increases in next year's bargaining round and in view of the Administration's commitment to cash limits, an important negotiating issue with the unions will be to what extent arbitration will be binding. Union leaders are sceptical that the Government has been able to produce a package that is acceptable and are in error that there will be an increase in the present 7 per cent offer before the action can be called off. The Government is equally determined that the overall limit of 7 per cent for the pay increase cannot be breached. Attitudes among union members have hardened since the dispute started, although a firm commitment to a new system of bargaining which could be in operation next year might be sufficient to win the support of some of the traditionally moderate unions. Air traffic controllers, who are members of the institution, are being lobbied on whether they are prepared to take industrial action over the Easter holiday period. Their action during the national one-day Civil Service strike on March 9 closed all large airports. However, there is some doubt as to whether the action will take place over the Easter weekend, and a suggestion being canvassed among union leaders is for a period of prolonged strike action by airport workers at the end of the holiday period.

Mr Benn runs into trouble over policy on abolition of Lords

By Michael Hatfield
Political Reporter
The Queen's role in the creation of peerages is to be debated tonight by Mr Wedgwood Benn and other members of the Labour Party's home policy committee. Labour's policy makers, who successfully won party acceptance for the abolition of the House of Lords, have run into difficulties over the honours system, particularly where it affects the Sovereign. The party wants to abolish life peerages, but a paper before the committee admits that there are difficulties about those honours bestowed on the Sovereign's own initiative, and also those recommended by Commonwealth countries. The paper proposes that the next Labour government should set up a special Commons select committee to examine the difficulties arising from the honours system, and the plans to modernize the Upper Chamber. Some home policy committee members oppose the idea of a select committee, pointing out that the committee would have to have a partly representative and that it would be impossible to get the Tories and Liberals to agree. Mr Benn is still embroiled in the controversy over his declared intention to stand for an electoral college to elect the Labour Party. There is to be a meeting tonight of the left-wing Tribune group, which is split over his candidature. Last night Tribune members thought that any discussion on that issue might be postponed until next week because only a one-line whip is operating and so there is unlikely to be a full turnout. Mr Robert Cryer, Labour MP for Keighley and a Tribune member, yesterday declared his support for Mr Benn. He said: "An election will ensure that the priorities of the next Labour government will be discussed more widely within the Labour Party." Mr Benn declined a plea from Mr Alexander Kison, chairman of the party, to reconsider his decision to stand in an electoral college. Mr Benn said: "Regular elections are the lifeblood of democracy. They give people an opportunity to discuss the issues openly, reach decisions openly and choose the representatives they want to carry them out." Mr Benn said that the Transport and General Workers' Union—of which he is a member—voted at the last Labour conference for the leader and deputy leader to be elected by an electoral college. "If it is now required that 'party unity' now requires us to abandon the elections under the new procedure, the trade unions and constituency parties will have no say whatever in the choice of the party leadership."



Mr Robert Cryer: Declaring support for Mr Benn.

Lebanon's latest ceasefire ignored

From Tewit: Mishlad Beirut, April 5
Despite efforts by the Lebanese Government to stabilize a fragile ceasefire, arranged last night, heavy fighting continued today in Beirut and the Christian town of Zuhle, 30 miles to the east. At least 30 people were killed and more than 160 injured. The fighting started last week between Lebanese troops of the Arab League-sponsored peace-keeping force, generally known as the Arab Deterrent Force (ADF), and the Lebanese right-wing militias led by the powerful Maronite Patriarch. Unofficial estimates put the total casualties since the new violence began five days ago at 160 killed and about 400 wounded. At least three ceasefire agreements have been announced since then but none of them has lasted. The latest arranged yesterday was reached through negotiations between Mr Elias Hrawi, a Government representative, and Brigadier Sami Al-Khatib, the Lebanese commander of the ADF, on the one hand, and Syrian commanders of the Syrian troops in Lebanon on the other. The ceasefire at the Beirut-Damascus highway. The terms of the ceasefire had been agreed in Damascus. The violence in Lebanon has evoked concern in other countries, particularly in Israel, which announced it would not stand idly by watching the Lebanese Christians being annihilated by the Syrians. Israeli officials were reported as saying that Syrian troops in Lebanon have crossed the red line "in their attacks on the Christians in Beirut and Zuhle. Israeli move: Mr Yitzhak Shamir, the Israeli Foreign Minister, said Israel was pressing the United States to use its influence to calm the situation. "We are in constant touch with the United States and are pressing so that the Americans use all their international contacts and other means to cease the murder," he told Israel radio. —Reuters.

Milan arrest a blow to terrorists

From John Earle
Rome, April 5
Milan police today confirmed that yesterday they arrested Signor Mario Moretti, alleged to be one of the top Red Brigades leaders who was still at large, in what is regarded as a major blow against the terrorist organization. Signor Moretti, a 35-year-old wireless technician, had been described by authorities as the brains behind the kidnapping and killing three years ago in Rome of Signor Aldo Moro, the former Christian Democrat prime minister. Four people were arrested yesterday—Signor Moretti, Professor Enrico Fezzi, a man and a woman who were not named but described as of secondary importance. Signor Moretti and Professor Fezzi, a 42-year-old reader in Italian literature at Genoa University, were on their way out yesterday afternoon to a flat at Via Cavalcanti near the main station, apparently to meet the other two. The police, who had evidently been on their track for several days, surrounded the two men who, though armed, surrendered saying they were "political prisoners." Signor Virginio Rognoni, the Minister of the Interior, who had flown to Milan in time for the operation, commented: "It has been my best day since becoming a minister."

Soviet President's visit emphasizes crisis, Mr Weinberger says

Our Diplomatic Staff
Mr Casper Weinberger, the United States Secretary of Defense, expressed concern in London yesterday over Mr Brezhnev's visit to Poland. Mr Brezhnev, he said, had travelled abroad in such a manner for many years. It was the seriousness of the situation in the Eastern bloc that aroused Western fears of intervention in Poland, he also "consistent with a series of unfortunate hypotheses, one of which is that he is lining up support. On the other hand, it is a good thing that there are meetings and people talking." Mr Weinberger said reports of military activity in Poland and Poland were "continuing to be worrisome." The arrival in London yesterday he said the military situation in Poland were "not inconsistent with manoeuvres by Soviet troops which were supposed to end last weekend." The air supplies, he said, seemed to be more than those required for units involved in an exercise. He is visiting Britain before going to Bonn for a Nato ministerial meeting tomorrow. There he is expected to discuss American proposals for deploying new nuclear missiles in Europe. Pentagon officials have expressed concern over what they fear could be troublesome anti-nuclear feelings in Western Europe and Mr Weinberger is anxious that the Polish crisis is not underestimated. "They are visiting the British Army base at Cottesmore and the American air base at Lakenheath. Worst feared: America believes Russian intervention in Poland is not inevitable, but that there is greater danger of it now than ever more, (Patrick Brogan writes from Washington). State Department officials think President Brezhnev's flight to Prague means a decision has been taken and they fear the worst.

Haig pledge on Middle East

Mr Alexander Haig, the American Secretary of State, focused on the Soviet threat to the Middle East during talks with Israeli leaders in Jerusalem. Israel was said to be more concerned about dangers to its security from the supply of sophisticated weapons to America's Arab allies. In Cairo, earlier, Mr Haig assured President Sadat that Washington remains committed to a Middle East peace settlement. Later this week, leaders of Jordan and Saudi Arabia will press Mr Haig not to downgrade the Palestine issue. Page 4

TV news bias alleged

More than 100 professors, union leaders and MPs have made accusations of bias and distortion in television news bulletins. All three channels are accused of failing to give balanced accounts. Several academic studies have documented bias against the Labour movement. Page 3

Lipatti tape found

EMI Records has found a genuine tape of Dinu Lipatti, the late Romanian virtuoso, playing Chopin's first piano concerto. It will replace a recording thought to be by Lipatti but later found to be by a Polish pianist. Page 3

End for Nice casino

The contents of the Palais de la Mediterranée at Nice, one of the most famous casinos in the world, were auctioned at the weekend. The casino closed in 1978. Page 4

Counter-claims on 'vote rigging'

Mr Michael O'Halloran, Labour MP for Islington, North, has appealed to Mr Michael Foot, the party leader, for help after claims and counter-claims of vote-rigging in the constituency party. His appeal comes after the defection of six local councillors to the Social Democrats last month. Page 2

Union power struggle

Communists and Trotskyists are attempting to gain control of the executive of the Post Office Engineering Union in a power struggle that could have a crucial bearing on the union's political direction and on the outcome of the Labour Party deputy leadership battle. Page 2

New role for Japan

Lord Carrington, the Foreign Secretary, arrived in Tokyo on a three-day visit during which he is expected to ask Japan to use its economic power to dissuade Moscow from invading Poland. Japan's role in safeguarding north-east Asia will also be raised. Page 5

New fear on foot and mouth

By a Staff Reporter
Two more suspected cases of foot-and-mouth disease were investigated on the Isle of Wight yesterday. The cases occurred among cattle at Homestead Farm, Porchester, and East Afton Farm, Freshwater. Both are within five miles of the farm originally infected two weeks ago. The tests carried out so far have not proved positive, but further investigation is being made. Restrictions on the movement of cattle, sheep and pigs on the island, which were due to be reduced, will remain in force, the Ministry of Agriculture, Fisheries and Foods said last night. But restrictions on movement on the mainland have been removed at midnight last night. Investigations are also being conducted at a farm at Sandown, where some lambs have gone lame. It is not thought that the cause is foot-and-mouth disease but restrictions on the movement of animals have been imposed on the farm as a precaution. The disease was confirmed on the Isle of Wight two weeks ago when a total of 254 cattle and 369 pigs had to be slaughtered.

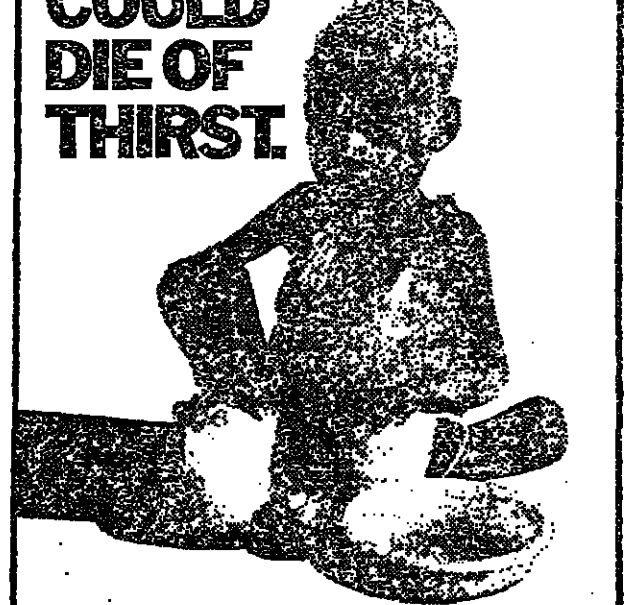
Boxing promoter held by FBI

Los Angeles, April 5—The boxing promoter, Mr Harold Smith, a missing figure in an alleged \$21m (£9.5m) bank fraud, was arrested here yesterday. The Federal Bureau of Investigation said today. Mr Smith, chairman of the Muhammad Ali Professional Sports Promotions, was accused of making a false statement on a passport application, and will be formally charged tomorrow. His organization paid Ali, the former world heavyweight champion, for the use of his name in promoting sports events.—Reuters.

Doctors say Mr Reagan is alert and in good spirits

Patrick Brogan
Washington, April 5
President Reagan continues to recover from his wounds in the George Washington University Hospital, while his assailant, a medical student, is in the hands of government psychiatrists in North Carolina. The daily strain on the president stated he ran an "elevated to create" temperature yesterday evening, but that it was normal this morning. His lungs are not entirely free of fluid, but he is said to be alert and in good spirits. Mr Hinchey's parents issued a statement yesterday, which said that they were praying for President and the three victims of the shooting. Business as normal, page 4

Leader page 13
Letters: On the appointment of bishops, from Sir Harold Wilson, and Mr E. C. Carter; legal status of religious charities, from Mr W. G. S. Massey; Tunncliffe collection, from Sir William Crawshaw
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SOMALIA REFUGEES
IF THE MONEY RUNS DRY, SHE COULD DIE OF THIRST.
In Somalia today nearly one million people are believed to be on the brink of disaster. Half are feared to be children. Crowded into 32 refugee camps in semi-desert, they are totally dependent on outside help. Now a serious drought threatens their lives. Water is so short that people are having to dig in dried out river beds to get a little extra. If the world doesn't help, children will die of disease from dirty water or from thirst.
Oxfam has already spent £500,000 so far on medical teams and equipment. But soon money will be exhausted. A further £300,000 has just been approved for wells, pumps, pipes and storage tanks. More is desperately needed.
It is critical that the money doesn't run out. We must get this equipment to the camps soon for without water children will die. Your help is vital. Send a donation today. £5, £25 or whatever you can.
Do it now before your next turn on the tap. Please.
Here is my donation of £_____ for the Somalia refugees.
Name _____
Address _____
Postcode _____
Oxfam Eastern Africa Appeal, Room T.32, 224 Banbury Road, Oxford, OX2 7DZ.

Struggle over Post Office union control

By Michael Hatfield
Political Reporter

A power struggle is taking place inside the Post Office Engineering Union which might have a crucial bearing on its political direction and the outcome of the Labour Party's deputy leadership battle.

Communists and Trotskyists, campaigning together under the banner of the broad-left, are attempting to capture control of the union's executive, which has 23 members. They have nine supporters on the executive so far, three would tip the balance in their favour.

Success would switch the union's support from moderate Labour Party policies to those of the left wing, including backing for the campaign to get Mr Wedgwood Benn elected deputy party leader in place of Mr Denis Healey at this year's party conference. Mr Benn is to address a broad left meeting at the union's annual conference at Blackpool in June.

Moderates in the union, which has 132,000 members, are worried at the pace of the broad left campaign and the direction it is taking. They quote a recent article in the left-wing *Socialist Challenge* which stated: "The Post Office Engineering Union has the power to cripple the City of London, the banks, finance houses, big companies and government departments. But the right-wing majority on the union executive refuses to take up the challenge."

Mr Bryan Stanley, the union's general secretary and a former member of the Labour Party's national executive committee, says in the latest issue of the union's journal: "In recent weeks a number of members have approached me to ask what I am doing to fight against what they regard as the attempts of extremists to take over control of the union and to take over control of the Labour Party."

"My answer will always be: If you do not agree with a particular line being adopted either by individuals, branches, the union or the Labour Party, then fight within the organization to establish your point of view."

Mr B. Stanley adds: "To be frank, it is useless for members to complain to me about decisions taken at branch meetings when they themselves do not attend those meetings. There is only one way to make sure that your opinions are taken into account and influence the policy-making process, that is to attend branch meetings."

Moderates on the executive are apprehensive about whether they can back the attempt by the broad left to take control. Those seeking reelection are: Mr John Scott-Garner, the president; Mr Fred Feltham, vice-president; Mr Phil Evers, Mr Patrick Lee, Mr Derek Dwyer, Mr Michael Ronaldson, Mr Gordon Duncan, Mr Leonard Gillard, Mr Elwyn Jones, Mr Tony Field, Mr Kenneth Thomas, Mr Bryan Harper, Mr Jack Walker and Mr Joe Lane.

Islington, North, MP appealing to Mr Foot for help after defection of councillors to the Social Democrats

Labour leader's vote-rigging claims denied by left wing

By Ian Bradley

It is no coincidence that the biggest defection so far of Labour councillors to the Social Democrats should have been in the London Borough of Islington.

The troubled state of the Islington North constituency Labour Party, which led six councillors to resign last month, has resulted in Mr Michael O'Halloran, the local MP, making a plea for help to Mr James Evans, the party leader.

He wants the party's national executive committee to investigate the circumstances in which left-wingers gained control of the constituency party's general management committee at a meeting held in two parts last month.

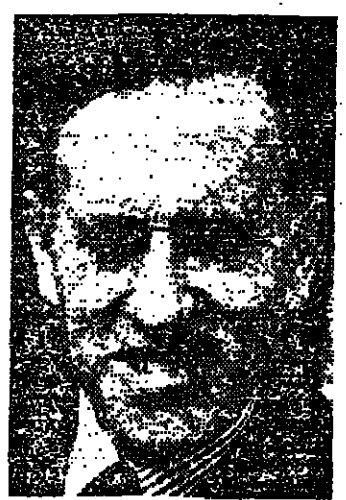
Mr O'Halloran accuses the left of using false addresses in claiming enrolments to the Labour Party, rigging ballots for delegates to the committee and subjecting other members to personal abuse.

His opponents, who deny the charges, accuse his supporters of practising similar tactics over the past 10 years or more and of bringing in bogus union delegates to pack last month's meeting.

Mr Mark Van de Weyer, a councillor who stands between the two factions, believes that the state of Islington North party like ours and getting to the party nationally.

"The recent commission of inquiry has failed to provide any means for sorting out the problems of a polarized local party like ours and getting to grips with the packing of meetings and the proper affiliation of unions," he said.

There is little love lost between the two groups. Mr James Evans, the mayor of the borough and one of the defectors to the Social Democrats, said: "We used to have a lot



Mr Michael O'Halloran: "Moderates abused".

of old people come to Labour Party meetings. They had come for years although they did not always have the education to put over their views. The middle-class student types laughed at them and mocked them, and so they did not want to come."

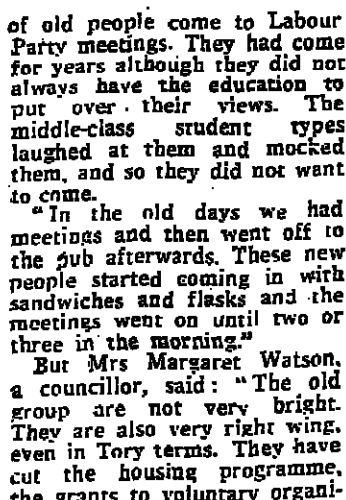
In the old days we had meetings and then went off to the pub afterwards. These new people started coming in with sandwiches and flasks and the meetings went on until two or three in the morning."

But Mrs Margaret Watson, a councillor, said: "The old group are not very bright. They are also very right wing. They are in Tory terms. They have cut the housing programme, the grants to voluntary organizations and the provision for under-fives, because they believe that mums should sit at home all day."

"To see those things destroyed overnight, creates bitterness. I think the main issue divides us is public expenditure. We believe in high public spending."

The balance between the two factions has seen-sawed over the past 10 years. In 1968 a fresh Conservative victory enabled the middle-class socialists to infiltrate Islington South and Central constituency Labour parties and they dominated the council elected in 1971. The north, however, remained firmly in the grip of the so-called "Irish old guard" who provide Mr O'Halloran's main source of support.

In 1974 the younger, middle-class element succeeded in making James Evans the mayor of the borough and in the next year had a left wing majority. But in 1978 Mr O'Halloran's



Mr James Evans: Old members "mocked".

supporters regained control of the north and, until the defection of the Social Democrats, the balance of the Labour group in the present council was 27 "old guard" and 23 younger left-wingers.

The old guard accuse the left of entryist tactics and of manipulating council policy between 1974 and 1978 to help their takeover of the party.

Mr Michael Sullivan, press officer of the left-wing dominated constituency party, agrees that the left have progressively gained control of wards, but denies any underhand tactics. He says that the left has simply recruited new members and, at 1,300, the party has one of the highest membership figures in the country.

The events of the last few months represent the culmination of the left's takeover.



Mr James Evans: Old members "mocked".

Their first victory was to secure the nomination of Mr Steven Bundred, a left-winger, as candidate in next month's Greater London Council elections.

The two-part annual general meeting of the constituency party last month, at which the left finally gained control of the committee, has produced a host of allegations on both sides. Mr O'Halloran's supporters say that members of the Militant tendency were involved in deliberately flooding the party rolls.

Mr Sullivan, who is a former Socialist Unity candidate, says that out of 100 people on the new committee, not one is a supporter of the Militant tendency. He accuses Mr O'Halloran's supporters of trying to manipulate the meeting by bringing along nine "false" delegates from the Transport and General Workers' Union (TGWU).

Four of the delegates, including Mr Morgan Lear, an architect and the former secretary of the party, and Miss Bernadette O'Halloran, the MP's daughter, who is a nurse, said that they belonged to the 1/725 branch of the union, and the other five to the 1/723 branch.

Yet a letter from the union's regional organizer, of which *The Times* has a copy, says that the first branch is affiliated to the Twickenham Labour Party and the second had no affiliation fees to Islington north party for 1980 or 1981.

Mr Lear says that both he and Miss O'Halloran are members of the 1/725 branch and that both 1/723 and 1/725 are bona fide branches affiliated to Islington north. He says that the left have had "false" delegates at meetings, claimed that there were delegates from the 1/725 branch on the basis of membership lists which the secretary showed that only 60 members were on the list.

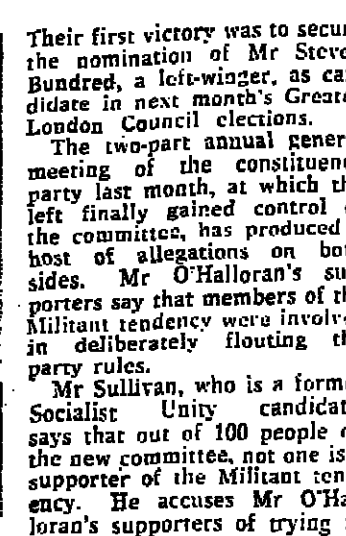
Mr Lear also says that he has seen a minibus from London borough of Haringey, people appearing at local address meetings at meetings of the north party.

The Labour Party were laid down when assumed that people would manipulate them," he says. "Now that people are not doing that, there are no more to be new rules."

He suggests that if unions and organizations each have only one delegate to the local party and the delegate should be much more than a mere figurehead.

Mr Van de Weyer, who says that the present system is satisfactory, says that any union can affiliate to Islington north party on the basis of one delegate for 100 members. The 1/725 branch of the union is affiliated to Islington north although as I know, it only has one member living in the constituency, and that is Mr B. who also happens to be a delegate."

Meanwhile, both sides agreed that the left's takeover of Islington north is a disaster, and that Mr O'Halloran should be re-elected. He has come up for selection by the local party, and is also agreed that the council elected next year have a clear left-wing majority.



Mr James Evans: Old members "mocked".

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Mr Murray starts TUC week of protest

By David Felton
Labour Reporter

A national week of protest against the Government's economic and social policies was launched on Saturday by Mr Len Murray, general secretary of the TUC, and will continue with marches, rallies and lobbies of Parliament.

A key aim is to win publicity and support for a march against unemployment from Liverpool to London starting on May 1.

About 3,000 trade unionists were estimated to have marched through Newcastle upon Tyne on Saturday and at a rally later, Mr Murray said he believed Mrs Margaret Thatcher would "run" as public opinion changed.

"Even though the scene is black with factories closing day after day we believe the tide is beginning to turn," he said. Mrs Marie Patterson, chairman of the TUC's women's advisory committee, told a rally in Newcastle yesterday that women were being the most badly affected by government policies.

Public spending cuts and reductions in welfare services meant that the burden of caring for the elderly and the young was falling on women. "This Government is attempting to drive women back into the home," she told the rally.

Included in the lobbies of Parliament planned during this week are those by transport unions today, trade unionists from the North tomorrow, and printing unions on Wednesday. The culmination of the week will be marches and rallies in six provincial centres on Saturday.



Police escorting demonstrators protesting at the nationality Bill in London yesterday.

10,000 join nationality Bill march

By Lucy Hodges

About 10,000 people, mainly of Asian origin, marched through central London yesterday to protest at the nationality Bill, which they said was racist and would make them second-class citizens.

The demonstration, organized by the Campaign against Racist Laws, ended with a rally in Trafalgar Square which was addressed by 18 speakers, mainly from ethnic minority organizations.

Miss J. Richardson, MP for Barking, who was there to represent the Labour Party, said the Bill had caused deep anger and confusion in the country. "It is divisive and is based on immigration law," she said. "It is a racist Bill and Labour is pledged to oppose it."

Mr Ian Martin, general secretary of the Joint Council for the Welfare of Immigrants, said that people did not need to know the details of the Bill to see that it was racist. "It will leave thousands of people effectively stateless and will take away rights which black people have already."

Mr Rudy Narayan, the West Indian Standing Conference, declared that the protest showed black people were on the march. "We are on the move and will fight in this country against parliamentary thugs and racists."

The police were not taking any chances yesterday. They were present in large numbers. The demonstrators, organized by the Campaign against Racist Laws, ended with a rally in Trafalgar Square which was addressed by 18 speakers, mainly from ethnic minority organizations.

Chancellor supports consumer body

From Robin Young
Consumer Affairs Correspondent
Swansea

Sir Geoffrey Howe, Chancellor of the Exchequer, added his support to the National Consumer Congress in Swansea yesterday, sought to repair the damage to relations between the consumer movement and the Government caused when Sir Geoffrey, Minister for Consumer Affairs, addressed the congress last year.

Mrs Oppenheim had rebuked the congress for concerning itself with economic and taxation policy, and urged that it should turn its attention "back to the marketplace". Sir Geoffrey, who was Britain's first Minister for Trade and Consumer Affairs in the early 1970s, said yesterday that a "lively, irrepressible consumer movement" would always be needed.

He told delegates that in last year's debate on economic policy the consumer congress had shown an awareness of the political pitfalls and had taken the trouble to identify the areas where consumers and consumer organizations have a special knowledge and expertise to contribute to.

After Mrs Oppenheim's rebuke, the National Consumer Council did little work on general economic policy issues last year. The congress chairman, Mr Michael Shanks, made a plea at this year's meeting that it was intended now to return to the subject and, in particular, pricing policy in the nationalized industries and unemployment.

"If unemployment continues to grow at the rate it has been doing, I fear for the social fabric of our society," he said. Mr Shanks claimed that "neglect of the interests of consumers has contributed to the country's present economic state. Unless industry provides products that people want at prices they are prepared to pay, economic recovery is out of the question. The consumer and the consumer's interest should be at the heart of economic policy and industrial practice."

In brief

Ulster rallies end in violence

Gangs of youths stoned police in Belfast and Londonderry last night as the end of republican parades in support of the Maze prison hunger strike.

In Belfast between 50 and 60 youths stoned Springfield Road police station and dispersed after rubber bullets were fired. There were two arrests. In Londonderry there were similar scenes and at both rallies census forms were set alight.

MP seeks talks on Moonies' status

Mr David Mellor, Conservative MP for Wandsworth, Surrey, wants an urgent meeting with the Charity Commissioners to discuss the continuing charitable status of the Moonies, or Unification Church, the religious cult founded by Jim Jones.

Mr Mellor says the cult is a danger to brainwash its converts and break up families. Leading article, page 13.

News back on the air

News bulletins were back yesterday on RTE, the Irish Republic's state-backed television and radio service, after a break of almost three weeks. Agreements were reached in the dispute between management and journalists over the suspension of a journalist.

Church to bank vault

A painting, believed to be by the Florentine master Andrea del Sarto, is now locked in a bank vault after hanging in St Paul's church, near St Austell, for a quarter of a century. The work will be studied by experts at Christie's.

Census forms in

Britons filled in about twenty million forms yesterday ready for collection today by the 100,000 census enumerators. The census is costing more than £10m and the completed forms will be stored on 121 miles of shelving in Bootle, Merseyside, ready for analysis.

Journalists walk out

More than 80 members of the National Union of Journalists employed by Eastern Counties Newspapers in East Anglia have stopped work in support of 17 colleagues at the *East Anglian Daily Times* newspaper at Ipswich who face redundancy.

Editor to judge contest

Mr Harold Evans, editor of *The Times*, is to be one of the judges of a competition organized by Portsmouth and Sunderland Newspapers, to select the editor of the provincial newspaper which has best served the community.

Off to the high life

Mr James Cook, aged 37, a window cleaner from Herrick Road, north London, flew from Heathrow airport yesterday to tackle the Empire State Building's 86th floor. He had won the dream of a lifetime in a contest run by a vodka firm.

Bucks Fizz's high note

Britain's pop group Bucks Fizz are on the road to commercial success after their close win in the Eurovision Song Contest on Saturday. Their song, "Making Your Mind Up", is already high in Britain's top ten.

Flights cancelled

Some services today from Aldergrove Airport, Northern Ireland, have been cancelled because of an expected strike by 240 ground staff. The men are protesting at a pay offer of 71 per cent.

Irish hurlers killed

Three members of an Irish hurling team from Waterford were killed and eight others injured when a minibus was involved in a collision with a parked lorry in Co Kilkenny on Saturday night.

Fierce political battle as parties try to win Merseyside poll

From John Chartres
Liverpool

An inconclusive result from the Merseyside County Council election is being predicted by both Labour and Liberal Party leaders, who are challenging the present Conservative control in one of Britain's most politically sensitive areas.

A heavy anti-government vote in next month's county elections is expected throughout the north-west, because of the bad effects of the recession in the region. That is likely to be most marked in the Merseyside contest, where unemployment in Liverpool has reached nearly 16 per cent.

Labour Party officials, whose forecasts have proved reliable in the past, believe they will regain control of Greater Manchester and Cheshire, with Lancashire and Cumbria remaining in Conservative hands with slightly reduced majorities.

Merseyside remains something of an enigma because of the continued vitality of the Liberals and the emergence of the social democratic movement. Labour needs to win 25 seats in the 99 contests to obtain overall control of Merseyside County Council. Local Labour Party officials are reasonably confident of winning 23 seats, but say it will take hard work and good luck to exceed that.

Sir Trevor Jones, leader of the Liverpool Liberals and of the city council, forecasts between 40 and 45 Labour seats, 25 to 30 Liberal, and 20 to 25 Conservative.

Mr Douglas Robinson, the Conservative agent in Liverpool, predicts that there will be some losses for his party, they will not be nearly as bad as many expected.

The prospect of a "hung" Merseyside County Council, with Labour the biggest single party but without overall control, is causing dismay in some quarters. Liverpool has suffered under this sort of line-up for several years with a vast backlog and unfinished business accruing, and an 8.30 pm curfew having to be imposed.

Sir Trevor Jones claims, however, that that is not necessarily a bad thing. "It makes for true democracy," he said. Mr Paul Mahon, who is due to defend the Pictou ward of Edinboro, is going to fight the Liberal Social Democrat banner. He is issuing leaflets and posters carrying the portraits of Mr David Steel and Mrs Shirley Williams with the words: "A new team for Britain."

Mr Mahon, aged 30, defends his stance by saying he believes there is only room for one "third party" and that if the two do not work together they will cancel each other's efforts.

Most Merseyside politicians agree that the real battle will be fought in the city of Liverpool, and that the big question is where will the anti-government votes go. The final line-up of Liberal candidates will not be known until nominations close today.

GLC election, page 12

Parents to look at small print from SDP

By Our Education Correspondent

Parents should look at small print of the Social Democrats' programme for education because it could be worse than that of Labour, Mr I. Boyson, Under-Secretary of State for Education and Science, told Young Conservatives Brighton yesterday.

In a speech last week Shirley Williams had ob to the gap between the present and maintained schools, he said. Yet that gap widened by the last 10 years of government's abolition of "bridges" of the direct schools which had opportunities of educational mobility for thousands of working children.

The only other bridge Mrs Williams could now mention suggested was the element of pupil exchange between the maintained private sectors. Those rarely been successful. Certainly the suggestion panned badly with the Conservative, an introduction of the assisted places scheme which gave children from poorest homes opportunity entry into some of the superb academic independent schools in Britain.

The Social Democrats also apparently committed comprehensive secondary education, irrespective of its parents' wishes, and phasing out of sixth form long one of the most successful parts of British education.

Weather forecast and recordings

NOON TODAY Pressure is shown in millibars. FRONTS Warm Cold Occluded High Low. Wind direction and force in code. Clouds in code. Rain in mm. Snow in cm.

Today
Sun rises: 6.25 am. Sun sets: 7.42 pm.
Moon rises: 7.42 am. Moon sets: 9.59 pm.
First Quarter: April 11.
Lighting up: 8.12 pm to 5.53 am.
High Water: London Bridge, 3.34 am, 7.6m; 4.04 pm, 7.5m.
Avalonmouth, 9.24 am, 14.4m; 9.40 am, 14.1m.
Dover, 12.39 am, 7m; 12.51 pm, 6.5m.
Hull, 8.12 am, 7.5m; 8.23 pm, 8.2m.
Liverpool, 12.56 am, 9.8m; 1.14 pm, 10.1m.
1st = 3.280m.
2nd = 3.046m.

High will move slowly E across N Scotland.
Forecasts from 6 am to midnight:
London, Midlands, SE central S England, Channel Islands: Rather cloudy but some sunny intervals developing, scattered showers possible after 11, max temp 11° to 13°C (52° to 55°F).
East Anglia, Borders, E, NE, central N England, Edinburgh, Dundee, Aberdeen: Rather cloudy, a little drizzle in places at first, patchy light fog, some brighter or moderate; max temp 11°C (52°F).
Sea passages: S North Sea, Straits of Dover, English Channel (E): Wind NE veering E, light to moderate; sea, slight.
St George's Channel, Irish Sea: Wind E, light to moderate; sea, slight.

WEATHER RECORDS YESTERDAY MIDDAY: c, cloud; d, drizzle; f, fair; r, rain; s, sun.
Alps: c 10, d 10, f 10, s 10, t 10, w 10, x 10, y 10, z 10.
Amsterdam: c 10, d 10, f 10, s 10, t 10, w 10, x 10, y 10, z 10.
Antwerp: c 10, d 10, f 10, s 10, t 10, w 10, x 10, y 10, z 10.
Avalonmouth: c 10, d 10, f 10, s 10, t 10, w 10, x 10, y 10, z 10.
Belfast: c 10, d 10, f 10, s 10, t 10, w 10, x 10, y 10, z 10.
Birmingham: c 10, d 10, f 10, s 10, t 10, w 10, x 10, y 10, z 10.
Bristol: c 10, d 10, f 10, s 10, t 10, w 10, x 10, y 10, z 10.
Cardiff: c 10, d 10, f 10, s 10, t 10, w 10, x 10, y 10, z 10.
Cork: c 10, d 10, f 10, s 10, t 10, w 10, x 10, y 10, z 10.
Dover: c 10, d 10, f 10, s 10, t 10, w 10, x 10, y 10, z 10.
Dundee: c 10, d 10, f 10, s 10, t 10, w 10, x 10, y 10, z 10.
Edinburgh: c 10, d 10, f 10, s 10, t 10, w 10, x 10, y 10, z 10.
Exeter: c 10, d 10, f 10, s 10, t 10, w 10, x 10, y 10, z 10.
Glasgow: c 10, d 10, f 10, s 10, t 10, w 10, x 10, y 10, z 10.
Hull: c 10, d 10, f 10, s 10, t 10, w 10, x 10, y 10, z 10.
Ipswich: c 10, d 10, f 10, s 10, t 10, w 10, x 10, y 10, z 10.
Leamington: c 10, d 10, f 10, s 10, t 10, w 10, x 10, y 10, z 10.
Leeds: c 10, d 10, f 10, s 10, t 10, w 10, x 10, y 10, z 10.
Lisbon: c 10, d 10, f 10, s 10, t 10, w 10, x 10, y 10, z 10.
London: c 10, d 10, f 10, s 10, t 10, w 10, x 10, y 10, z 10.
Loughborough: c 10, d 10, f 10, s 10, t 10, w 10, x 10, y 10, z 10.
Luton: c 10, d 10, f 10, s 10, t 10, w 10, x 10, y 10, z 10.
Manchester: c 10, d 10, f 10, s 10, t 10, w 10, x 10, y 10, z 10.
Marlow: c 10, d 10, f 10, s 10, t 10, w 10, x 10, y 10, z 10.
Medan: c 10, d 10, f 10, s 10, t 10, w 10, x 10, y 10, z 10.
Miami: c 10, d 10, f 10, s 10, t 10, w 10, x 10, y 10, z 10.
Milan: c 10, d 10, f 10, s 10, t 10, w 10, x 10, y 10, z 10.
Munich: c 10, d 10, f 10, s 10, t 10, w 10, x 10, y 10, z 10.
Naples: c 10, d 10, f 10, s 10, t 10, w 10, x 10, y 10, z 10.
Newcastle: c 10, d 10, f 10, s 10, t 10, w 10, x 10, y 10, z 10.
Newport: c 10, d 10, f 10, s 10, t 10, w 10, x 10, y 10, z 10.
Nottingham: c 10, d 10, f 10, s 10, t 10, w 10, x 10, y 10, z 10.
Oxford: c 10, d 10, f 10, s 10, t 10, w 10, x 10, y 10, z 10.
Plymouth: c 10, d 10, f 10, s 10, t 10, w 10, x 10, y 10, z 10.
Portsmouth: c 10, d 10, f 10, s 10, t 10, w 10, x 10, y 10, z 10.
Reading: c 10, d 10, f 10, s 10, t 10, w 10, x 10, y 10, z 10.
Rome: c 10, d 10, f 10, s 10, t 10, w 10, x 10, y 10, z 10.
Sheffield: c 10

Fresh attempt soon to recover bodies from capsized oil rig

By John Huxley

A fresh attempt will be made soon to recover more than 30 bodies believed to be entombed in the Alexander L. Kielland oil rig which capsized more than a year ago with the loss of 123 lives.

A previous operation to salvage the rig, now lying on its side in a Norwegian fjord, was abandoned last autumn. Doubts were expressed about the safety of proceeding with the venture, mounted by an Anglo-Norwegian consortium including a Southampton company, SD Marine.

News of the new salvage attempt coincides with the publication in Oslo of an official report on the accident, in which more than thirty British died. It is highly critical of the design, construction and safety procedures of the rig. Control agencies are also taken to task for failing to identify the rig as responsible for causing one of the rig's five legs to collapse in a heavy storm in the Norwegian sector of the North Sea.

Official anguish at the content of the report, due to be formally presented to the Justice Ministry later today, has been compounded by continuing uncertainty over the future of the rig.

The Norwegian Government is pledged to recovering the bodies from the rig, which is now owned by a pool of insurance companies. Earlier this year, the structure was declared a loss and then owners, Stevaner Drilling, offered £25m compensation. Of this sum, two-thirds was carried by the London reinsurance market.

Neptun, a subsidiary of the Swedish marine services group Brostrom, has been asked to submit new proposals for salvage. These will have to be approved by the Norwegian authorities.

The British Department of Energy and rig operators working in the United Kingdom sector of the North Sea are waiting to see the full report of the Norwegian commission of inquiry before deciding whether to proceed with the recovery of the bodies.

Ruge savings could be made in the National Health Service if doctors spent more time assessing the real benefits of the treatment they give against the costs, a former government adviser on resource distribution in the service said at the weekend.

At present millions were still spent on operations to remove tonsils and adenoids from which few children derive any benefit, while further savings could be made by stopping ineffective attempts to cure lung cancer, Dr Malcolm Forsythe, regional medical officer for the South-east Thames Regional Health Authority, said.

That would allow resources to be freed to develop the "Cinderella" services, such as care for the mentally ill and handicapped.

The told the British Medical Association's junior members on Saturday that, despite the alleged priority given to the services since 1976, spending in hospitals on mental and ill patients had fallen from 13 per cent of NHS expenditure in 1979-80.

Community health spending had remained constant instead of rising as planned, while expenditure on the care of the mentally handicapped had risen only 0.5 per cent instead of 1.8 per cent a year.

"It is quite clear that these national objectives have not been reached," he said. "I am using sitting back and nothing will be done by the small district health authorities. It is quite clear that the delegation of responsibility by government in this matter will not be a success."

Health ministers have been urging Mr Fowler that such a move be allowed, now that the Government has accepted an amendment making it compulsory for children in wear seats to travel only in the back seats of cars.

Mr Fowler said the Government was not going to allow a private practice to be brought back to the National Health Service.

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Police chief inquiry procedure criticized

From Ronald Kershaw Leeds

Some members of the police committee of West Yorkshire County Council are complaining that the inquiry procedure is too slow and that the police are not being given enough information to investigate complaints against the force.

The committee's labour group is to be asked whether it considers a special meeting of the police committee should be called to hear a report about allegations against the police officers, and to consider whether action by the three appointed members of the police committee in mounting the investigation was the right thing to do.

Mr Raymond Graham, a member of the police committee and chairman of the Labour group, said last night: "My personal view is that a special meeting should be called simply to discuss what is going on. The last meeting of the police committee was on March 3, and no mention was made of any complaints against the police."

"I do not know whether the three appointed members knew of the complaint at that time, but even if they did not, allegations against senior officers, including a chief constable, are a sufficiently serious matter to call a special meeting."

The three police committee members appointed to take urgent decisions between meetings are the chairman, Mr Kenneth Davidson, the vice-chairman, Mr Ronald Warren, and shadow chairman, Mr Ronald Darrington.

None of the appointed members was prepared to expand on their original statement that, after discussion with the Home Office, they had decided to call in Sir Philip. It is understood, though not confirmed, that a complaint had been made about the police investigation into a series of deaths after which Mr Peter Williams, a lorry-driver, was charged with murder.

Another member of the police committee, Mr Michael Parkinson, said: "The three appointed members have acted within their powers, but morally, in my view, they have acted wrongly."

"They have not named the other officers involved with the result that every senior policeman in the force is under the shadow of suspicion."

One reason why the appointed members may have taken the action they did last Friday is the closing date for nominations in the county council elections, and all committees, including the police committee, comprising 24 county councillors and 12 magistrates, must be in place until after the election.

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Mr Benn backs call for series to investigate alleged anti-union bias Distortion in television news bulletins claimed

By Brian MacArthur

Accusations of bias and distortion in television news bulletins have been repeated against the BBC and the Independent Broadcasting Corporation by more than a hundred professors, trade union leaders and MPs.

They suggest that all three channels are failing to present balanced programmes, in a letter to Mr George Howard, chairman of the BBC, Sir Ian Trethowan, director general, Lord Thomson of Monifich, chairman of the IBA, and Sir Brian Young, director general, the signatories include Mr Wedgwood Benn and 23 other Labour MPs and 73 other general secretaries, including among them Mr Mostyn Evans (transport workers), Sir John Boyd (engineering workers), Mr Joseph Bormley (miners), Mr David Bassett (general and municipal workers), and Mr Alan Sapper and Mr D. A. Hearn, leaders of the two main broadcasting unions.

The 20 academics include Professor Stuart Hall, of the Open University, Professor Stuart Hood (Goldsmiths College and once deputy head of BBC News), Professor John Robinson and Professor Raymond Williams both of Cambridge and Mr E. P. Thompson, the historian.

They say that bias against the trade union and Labour movement in public broadcasting has been documented by several academic studies, including the work of the Leicester University Mass Communications Centre and the Birmingham University Centre for Cultural Studies.

"Recently the appearance of *Bad News* and *More Bad News* by the Glasgow University Media Group [two books criticising television news coverage] has again highlighted an enormous gap between the obligations of the broadcasters to give a balanced account and what they actually do."

"We request that there be a televised presentation of these issues in a series of programmes in which this evidence can be shown in detail."

The Glasgow University group has been criticizing BBC and Independent Television News for the past six years, arguing that much of what passes as balanced and factual news reporting on television is produced from a highly partial viewpoint.

In the first four months of 1975 there were 17 occasions

when somebody appeared to argue against the Wilson government's policy of increasing wages at a solution to the economic crisis, against 257 occasions when somebody argued in favour of them, its research showed.

Mr Greg Philp, one of the authors of *More Bad News*, says: "The mass of empirical evidence that the Glasgow group has gathered suggests that the television news is organized around a narrow economic and political viewpoint. This bias is not only in the content of the news but in the way it is presented, by giving them more time and status."

The nature of the analysis is deeper than this, in the way it relates to the picture of society in general and industrial society in particular that television news constructs. This is its most damaging feature, the laying of blame for society's industrial and economic problems at the door of the work force."

"This is done in the face of contradictory evidence which appears, either ignored, smothered, or at worst, treated as if it supports the narrow views utilized by the producers of news."

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EMI finds a genuine Lipatti recording

By Martin Huckerby Music Reporter

EMI Records, faced with the fact that the record it has been selling as Dinu Lipatti playing Chopin's first piano concerto is actually a performance by a Polish pianist, has now gained possession of another recording which, it believes, really does have Lipatti as the soloist.

The "original" record, which has sold about 60,000 copies, turned out to be a 1955 recording made by the Czech company Supraphon, with Halina Czerny-Stefanska as the pianist. EMI has stopped production, and plans to issue its new acquisition instead.

Mr Peter Andry, director of EMI's international classical division, said the newly-acquired tape had "every defect known to the recording art" with wows and flutters and very dim orchestral sound. But the playing was "astounding", making the other record sound pallid.

The company's engineers are working to clean up the recording, and the new record will probably be on sale before the end of the year.

The tape was made from a Swiss broadcast on February 7, 1950, by the late Rumanian virtuoso with the Zurich Tonhalle Orchestra under Otto Ackermann. Its authenticity was indicated by the inclusion of three encores which Lipatti was known to have played on that occasion.

Madame Madeleine Lipatti, the pianist's widow, has heard the tape and confirmed that it is the playing of her husband. Mr Andry could not explain why she and others had 20 years ago accepted the Czech recording as a Lipatti performance.

The new tape, which is accepted as genuine, comes from Dr Marc Gerschlager of Bern. EMI is writing to Miss Czerny-Stefanska to apologise and will be making financial restitution to her and to Supraphon. There will also be arrangements for replacement records for people who bought the original "Lipatti" record.

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Anger over TV look at Broadmoor

By Kenneth Gosling

The BBC has been asked to make a broadsheet apology for a reference to Broadmoor in a trailer last Friday for a series about the special institution that starts on Thursday.

Special permission to film inside Broadmoor was given to a *Nationwide* team by the Department of Health and Social Security. But the Matthew Trust, which represents the interests of mental offenders and the victims of violent crime, has taken exception to a BBC reference to the institution's "700 patients judged to be criminally insane".

It is seeking a guarantee from the BBC that no such references will be made in the series. Its chairman, Mr Peter Thompson, said 19 per cent of Broadmoor's inmates had no criminal records. Since it became a special hospital, the people there had been patients, not lunatics, and should not be referred to as criminally insane.

If the trust did not have the guarantee by today it would apply for a High Court injunction to prevent the series.

The Press Council upheld a previous complaint by the trust against a newspaper after the description "criminally insane" was used about Broadmoor patients.

The BBC said last night that nothing could be done until today when the matter would be examined by *Nationwide*.

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Swedes surprised that West did not notice worst threat to Poland

From A Special Correspondent
Stockholm, April 5

Soviet tactical planning for a military intervention in Poland has reached its highest state of readiness for nine months, but careful monitoring of Russian movements in the Baltic region suggests that there is no imminent danger of an invasion.

Although the Soviet Army has just completed several peace marches under the leadership of General Gerasimov in the Gulf of Finland, Swedish communications officers, listening in to Soviet radio traffic along the Baltic coast, are satisfied that divisions of the Red Army based beside the eastern Polish border show no signs at present of moving westwards.

They have nevertheless noted a distinct increase in military activity in the area of the border across Poland in the past 48 hours, a development that corresponds to American reports of a Russian "air bridge" into Poland, possibly to ferry material into Soviet bases in the country.

Sweden is disturbed at any unusual military activity around its borders, although it generally prefers to isolate itself from the interpretation of events espoused by the United States.

Indeed, the Swedes are surprised that the Americans, who almost daily voice dark, and somewhat contradictory, fears about Russian intentions in Poland, apparently failed to detect the most dangerous period in Poland's recent history. Early last December, several Soviet Army divisions left their barracks near Kaliningrad, 20 miles north of the Polish frontier, and were bivouacked in tents along the border.

Well-informed sources in Stockholm say that, at the same time, thousands of reservists were also called up in the Soviet Baltic states and that hundreds of civilian vehicles were commandeered for an apparent invasion.

Sweden, which safeguards its neutrality with a strict and occasionally jealous impartiality, never publicized its knowledge of these dramatic events; nor has it admitted that Soviet troops were poised to reach the Polish ports of Gdansk and Gdynia in less than two hours. It is also fair to say that Sweden remains ignorant of the reasons why the Russians returned to their barracks after just one week instead of embarking on a military adventure into Poland.

Troop manoeuvres recall Czechoslovakia in 1968

By Gabriel Ronay

The Warsaw Pact manoeuvres in and around Poland show marked similarities to the war games of Soviet-bloc forces before the invasion of Czechoslovakia in the summer of 1968.

Both began with unsatisfactory top-level talks between Soviet leaders and their reformist East European allies, and they continued well beyond their original finishing date to become a means of political pressure for Moscow.

The present "joint command-staff exercises"—involving the forces of Czechoslovakia, East Germany, Poland and Russia—were announced by Tass on March 10 amid mounting labour unrest in Poland and immediately after summit talks between Polish and Soviet leaders in Moscow.

News Analysis

The ominous Warsaw Pact exercises in Czechoslovakia territory began two months before the Soviet-led invasion of the country on August 21, 1968. They were announced on May 24 after growing tension between Moscow and Mr. Alexander Dubcek's reformist regime. They began on June 20 and, in clear response to the pace of liberal reforms in Czechoslovakia, altered their original scope and duration.

Initially, they were envisaged as joint exercises of command and staff personnel, with little or no troop movements involved. But within a week, in response to the Prague decision to convene the 14th party congress to strengthen the reformists in the party leadership, heavy armour, tactical air units and signal troops were brought in.

This state now appears to have been reached in the present pact exercises. Heavy armour, tactical air units and marine forces along the Polish coast have joined the war games. The manoeuvres are being given extensive coverage in the East German and Czechoslovak party press. Tass has justified them as designed "to protect the socialist achievements of member states".

The extension of the Czechoslovak manoeuvres was couched in almost identical terms, following a warning from Warsaw Pact leaders at a hasty summit in Warsaw on July 14, 1968, that if Mr. Dubcek continued to show weakness towards "the counter-revolutionaries" of the reformist regime, the pact nations to intervene "in order to defend the socialist achievements of the Czechoslovak people".

Three weeks after the official end of the exercises, Soviet and Polish troops were still in the country despite urgent requests for their departure. The reason given by Marshal Ivan Yakubovskiy, then Commander-in-Chief of the pact forces, for the order halting the withdrawal of Soviet forces was at first that "troops could only be moved at night"; later "abnormal road conditions" were blamed and when in view of the reformist regime, this was beginning to wear thin, the Russians said that "bridges had to be tested to check whether they would support the heavy equipment".

The French law on prostitution is, to put it mildly, paradoxical. As *Le Matin* the independent left-wing newspaper points out, the law permits it, but condemns debauchery, and therefore soliciting, which is regarded as a provocation to debauchery. Prostitution is therefore an accepted profession, but its exercise is forbidden.

This does not prevent prostitutes from paying taxes, and fines varying from 1,200 to 3,000 francs (£100-£300) for "active soliciting" and from 300 to 600 francs for "passive soliciting". All this was described at the press conference as "unbelievable hypocrisy".

Procuring is forbidden, and any person living with a prostitute is described as a procurer. If the couple have a child, it is often taken away on grounds of the moral danger to which it is exposed.

The great wind of revolt which blew among French

Haig visit to Middle East clarifies US priorities

From Our Correspondent
Cairo, April 5

The United States today assured its Arab allies that it would continue to strive for a settlement of the Middle East conflict while at the same time forging ahead with efforts to create an anti-Soviet alignment in the region as a deterrent to Soviet encroachment.

The assurances were given by Mr. Alexander Haig, the Secretary of State, after a two-hour meeting with President Sadat of Egypt. There have been widespread reports that the Reagan Administration considers the security of the Gulf region a more important priority than settling the Arab-Israeli conflict.

Mr. Haig, who is visiting Egypt, Israel, Saudi Arabia and Jordan, said that both issues were "fundamentally related". However, his preoccupation with the Soviet threat was underlined when—during a joint press conference with Mr. Sadat—Mr. Haig seized the opportunity to remind the Soviet Union that America would not tolerate "any intervention or internal repression" in the Middle East.

The Secretary of State said the situation in Poland was "more than that it has been". The United States was "watching" Soviet military steps with "great concern" and would not tolerate "any intervention or internal repression" in the Middle East.

Neither President Sadat nor Mr. Haig indicated whether progress was made on the issue of a multi-nation peacekeeping force in the Sinai, which Israeli troops are due to evacuate next April.

Because of Soviet opposition, a United Nations force is not considered likely, so the United States and Egypt are trying to

put an independent force together.

Role for Israel: On his arrival in Israel, Mr. Haig concentrated on the Soviet threat to the Middle East in his talks with Israeli leaders (Moshe Brilliant writes from Jerusalem).

The Israelis, led by Prime Minister Begin, were said to be more concerned about the dangers to their own security arising from the supply of advanced weapons to America's Arab allies.

The two leaders said they had talked in generalities at their first business session, but would discuss details tomorrow. Mr. Begin spoke today of Israel's concern about the situation in Lebanon.

Mr. Haig, in an airport speech on his arrival from Egypt, said that his Middle East mission was primarily "to discuss with our friends how we can meet the threat posed by the Soviet Union and its surrogates in the entire area".

He added that America recognized that Israel had an important role to play.

The Secretary of State also reassured Israelis that the Reagan Administration recognized the Camp David accords as a solid basis for securing peace and security for Israel and its neighbours.

Arabs concerned: Arab leaders in Jordan and Saudi Arabia will this week be making a concerted attempt to persuade Mr. Haig not to permit the Palestinian issue to be downgraded in the Reagan Administration's Middle East policy (Christopher Walker writes from Amman).

According to diplomatic sources, private exchanges have already taken place between the two Governments for a coordinated approach on this sensitive question. Both King Hussein of Jordan and King Khalid of Saudi Arabia will emphasize that a solution to the Palestinian problem is the key to countering any Soviet threat in the region.

Explaining the position which will be outlined at talks, due to open in Amman tomorrow, a senior Jordanian official told *The Times*: "It is solving rather than side-stepping the Palestinian issue which will defuse the possible radicalization of the Arab states—and it is this which is providing the Soviets with their best openings in the region".

A strongly-worded leading article in *Al-Dustour* said today: "Stability in the Middle East and the Gulf area cannot be achieved through military and political alliances, but through a just and lasting settlement of the Arab-Israeli conflict and the resolution of the Palestinian people."

This statement was set slightly aside by some B. Social Democrats, but were sure that their per- contracts with the Ger- would not be affected. Shirley Williams said that Social Democrats did expect to join the Soc. International union which established their electoral pact either in by-election in general elections.

Meanwhile, it is under- stands that the West German S. Democrats envisaged a military cooperation with the Social Democrats' parlia- tary group. Many certainly closer to the Social Demo- than to the Labour Party views on Europe. Nato public ownership some re- sponse to the fact that the due in part to the fact that broad terms the categorie West German and British ties are not really compar-

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Mr Yitzhak Shamir, the Israeli Foreign Minister (left), welcoming Mr Alexander Haig, the American Secretary of State, at Ben-Gurion airport, Tel Aviv, yesterday. Mr Haig is visiting four Middle East countries.

tion force in and around the Middle East to deter Moscow from aggression in the vital oil regions. Arab states, however, are clearly sensitive to a foreign military presence in the Middle East.

Senior officials in Mr Haig's party offered assurances upon their arrival yesterday that the United States would respect Arab opposition to American bases or combat forces on their soil. Egypt and Sudan have offered the United States the use of their military facilities for training exercises, but have emphasized that they cannot go further.

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Tale of two lunches as socialists get together

From Richard Davy
Königswinter, April 5

The West German S. Democrats have been delicately with the arriv- two British socialist parti- the thirty-first Anglo-Ga conference, which ended today.

Many of them have per- friends in both the La Party and among the S. Democrats. But when- wanted to entertain them, lunch the Social Dem- agreed, while the Labour members objected, so lunches were given.

Some of the more left West German Social Dem- were sent to the Social I cratic lunch because they- risk of being accused of m to the right. Others who- have been drawn by frien- sympathy or curiosity u Social Democratic lunch e entertain the Labour Par-

Today, the West Gr Social Democratic Party p an official statement clar- its position. It said the foundation of a social- ecatic party in Britain w internal British develop- arising out of Britain's p political constellation.

The German Social I crats, it went on, had a- of the British labour move- They regretted any de- ment which could weak- movement, and nothing change in the close rel- between the two pa- especially in the frame- of the Confederation of So- Parties of the European munity and the Socialist national.

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Tale of two lunches as socialist get together

Japanese role in the security of north-east Asia to be discussed by Lord Carrington

Lord Carrington, the Foreign Secretary, who arrived here on Monday night, is expected to spend the next few days in London. He is expected to discuss the Japanese role in the security of north-east Asia with the Japanese Prime Minister, Mr. Suzuki, who is visiting London from April 5 to 10. Lord Carrington is also expected to discuss the Japanese role in the security of north-east Asia with the Japanese Prime Minister, Mr. Suzuki, who is visiting London from April 5 to 10.

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Anti-Obote guerrillas plant bombs in Kampala

From Charles Harrison
Nairobi, April 5

Three shops in central Kampala have been badly damaged by explosives and a warehouse at the Uganda Coffee Marketing Board's central processing plant set on fire in the latest attacks by guerrillas opposed to President Milton Obote.

The Uganda Freedom Movement (UFM) has claimed responsibility for the attacks, which were condemned this weekend by Mr. Paulo Muwanga, the Vice-President and Defence Minister, as "cowardly acts".

The targets were carefully selected. One shop is owned by Lieutenant-Colonel Basilio Okello, commander of the Kampala garrison. Another supplied imported spirits to Army personnel. Seven soldiers in the shop at the time of the attack were abducted by the guerrillas, eye-witnesses said. Their fate is not known.

Coffee is Uganda's main source of foreign exchange, and the attack on the coffee processing plant was intended to hit the economy, a UFM spokesman said.

Petrol supplies in Kampala have dried up, apparently due to lack of cash to pay for new imports. Mr. Muwanga, however, said yesterday that sales had been halted temporarily to enable a better distribution system to be worked out.

He denied suggestions that the lack of petrol was a punitive measure against the people of the Buganda region, where most of the guerrillas' attacks have taken place.

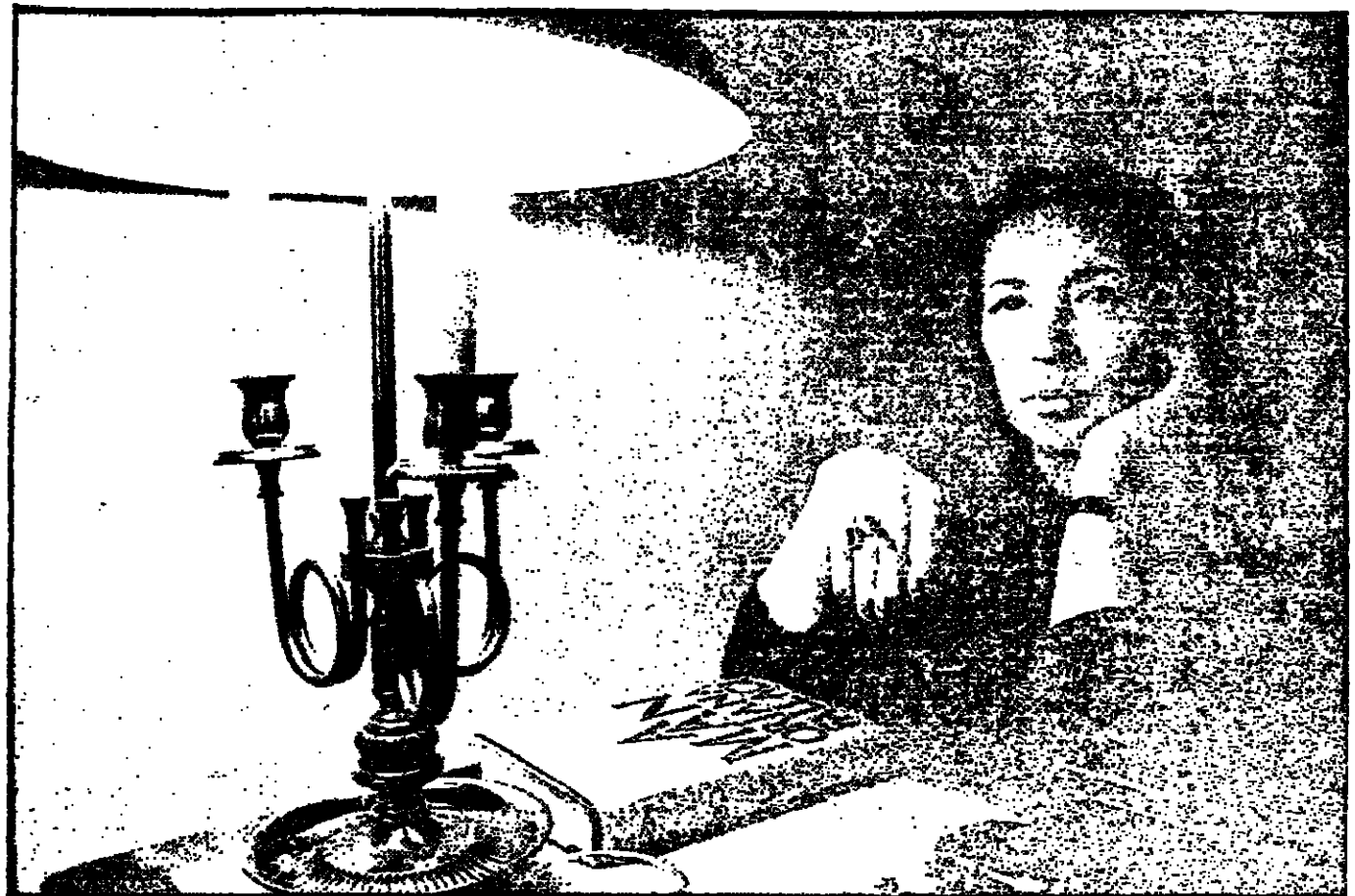
Mr. Muwanga revealed that guerrilla bands, who he called "Amin's thugs", were operating in the Buganda region, 50 miles east of Kampala and close to the industrial town of Jinja, at the source of the Nile.

Dr. Adoniya Tibenderwa, the Industry Minister, has warned managers of factories to step up their security precautions against sabotage. He said some "disgruntled elements" were resorting to economic sabotage and armed robbery.

More than 100 people have been arrested since guerrillas blew up an electric power line and the local broadcasting station near Butungwa two weeks ago. Mr. Muwanga said some "bandits" had been arrested, and would soon appear in court on charges arising from the recent attacks.

A Times Interview

Memorable meeting with a lady who knows all the answers



Oriana Fallaci: weeks of research, hours of talk

It is not easy to interview an interviewer, particularly one renowned for the ferocity of her attacks and the precision of her revelations. If Oriana Fallaci herself makes the process possible it is because of her seeming passion to speak: views, events, tirades, anecdotes come rushing out without prompting and with astonishing freshness. The process, though, is not so much painless as one-sided: this famous asker of provocative questions prefers to carry out both sides of a personal interview herself.

This week, one of the rages for which the Italian journalist is celebrated was directed against *The Sunday Times* who recently published an interview of hers with Lech Walesa — cut by two thirds. It broke her contract, she says. Thus truncated, the piece also makes him out to be hysterical. "Be sure," I told him, "my interviews are very long. But everything will be in. Now I pass as a liar. I who never betray anyone. I kill myself for these interviews. They are my joy, my pride, my commitment. To do this would be for anyone. But for Walesa? At this minute? If it was permitted I would challenge the editor of *The Sunday Times* to a duel."

In America and Canada the "Fallaci-style" interview, with its needling and goading, its brazen aggression and cajoling charm, is now something of a cult. Students of university literature courses recall with admiration the day Oriana Fallaci got Henry Kissinger in describe himself as a lone cowboy ("All this cowboy needs is to be alone, to show others that he rides into the town and does everything by himself"), made President Nguyen van Thieu of South Vietnam cry, and teased the Shah of Iran into dismissing women ("Women are important in a man's life only if they're beautiful and charming and keep their femininity"). They marvel at a technique of journalism which has made the interviewer as important as the political stars who, astoundingly, continue to talk. The mother of the political interview, it is how Oriana Fallaci describes herself, saying that it depends in most cases more on who the interviewer is than who the interviewee. She adds that it is "never a game to be exercised with cruelty."

The strategy she has perfected is not one she really wants to discuss, though when she does she is as fascinating as any craftsman describing a trade which he loves. Her subjects are selected for their "human or historical" interest. Having secured an appointment, which may take years, she spends many weeks researching and reading with "the obsession of a student preparing for an exam."

The interview itself is startlingly long: seven hours with Golda Meir, six with Colonel Gaddafi. "My interviews are not a list of questions and answers. They are discussions, conversations, presented by a journalist and written by a writer. At times

they are almost pieces de theatre with their moments of tension and suspense... If you take the playwright approach you must develop the interview, write it, as it takes place. To do so afterwards is dishonest. You have to be quick, improvising."

While the interviews themselves are exhausting, it is afterwards the real work begins. "I transcribe the tapes word by word, using a dictionary to check the words used by any interpreter I have had. Then comes the moment of combining creativity with the most rigid exactness. If I were to interview say, Brezhnev, I couldn't change a comma. Think of the responsibility." What emerges at the end of this long procedure are "intellectual and political challenges," "irreparable events," "a human experiment on which is left the shreds of my soul." They also leave her thinner, so worn by her keyed up state, that she feels "stingy" about doing more than two or three a year.

Not surprisingly, Oriana Fallaci resists using interpreters. By speaking French, English and Spanish as well as her native Italian — she writes each first draft in Italian, the second in English — she rarely needs one, but where she has no choice she is irked by the lack of spontaneity, "the stranger body between two people making love."

Oriana Fallaci relies entirely on a tape recorder — "I invented it" — depending on its perfect reproduction not just for accuracy but for nuance and pitch.

The products of the Fallaci interviews have appeared mainly in *L'Espresso*, the Italian magazine for which she worked for 23 years. They started out, much to her distaste, with entertainers, royalty and novelists, the *antipatici*, the dislikeable people, of the book that bears that title, and graduated with time to politicians and those vested with power, a phenomenon that intrigues her greatly. In between came stunts as a war reporter in Vietnam.

She reserves her deepest scorn for journalists who save the tricky question to the last, preparing to bolt, their notebooks safely full, should a storm break out. "My secret is: tell it first to clear the air. For instance, I went to Khomeini knowing he was a dictator. So I said: 'I want to tell you, sir, you are the new Shah of Iran...'" He heard her out.

She illustrates this from her recent encounter with Walesa. The leader of the Polish workers' movement was, she says, nervous: he had been warned of her fame and her aggression. So he began the interview truculently, shouting, "I knew then that I had to ask him something to quieten him down, and at the same time be nice to one another. But I knew that I had my opening. The curtains were up, and the audience was asking: what's going to happen now?"

Oriana Fallaci is 50, a small, restless woman with heavy hair and a lined face. On May 1 1976, Alexander Panagoulis, the Greek resistance hero she had gone to Athens to interview and who became her lover, was killed in a suspicious car accident.

"Alekos" she had asked him during her first interview in 1973, "what does it mean to be a man?"

AP: "It means to have courage, to have dignity... It means to struggle... And to win. And for you, what is a man?"

OF: "I'd say that a man is what you are Alexis."

After the funeral, Oriana Fallaci returned, not to the Manhattan flat she loves but to Italy, to the Tuscan farmhouse that belongs to her family, withdrawn from the world, and embarked on a book about him. A *Man* was published here last week. It has sold over a million copies in Italy.

A *Man* calls itself a novel, but is fiction only in its omissions, in the episodes left out because they were not "indispensable in the economy of the book." A *Man* took three years to write, during which, says Miss Fallaci, "I was addicted to the book, intoxicated, a form of obsession, of madness. The words I use are not enough to convey the tragedy of those years." It ran to four drafts. "I had to reconstruct reality, remaining faithful to events. It was like my interviews." By using "you" as in a letter addressed to her dead lover, Oriana Fallaci found herself plagued by the "no" and "ato" that are the most frequent Italian past participles. So she looked for words which carried other endings. She revised, rewrote, tore up. The result, as with her journalism, is as honest a transcription of perceived events as it is possible to find; it is a rich and full-blown memorial; not easy, but it makes one like her more.

When it was all over she was relieved, but also empty. "Alexis had been alive those three years. I talked to him. Suddenly he was dead. The ghost was gone. There was nothing I could do for him except go to different countries where he is born and reborn in the translations." Oriana Fallaci says the book is best in Italian. "I write very well in Italian." She is not modest, but then nor is she ever dull.

And now? "I'm living a little." It sounds reasonable, but, Fallaci style, it is not enough. Living a little includes being a director of the Rizzoli cooperative in New York, lecturing in universities, writing a book and working on a possible film script for *A Man*.

Nineteen separate offers have come from Los Angeles productions. She remains wary. Only if she has "total control", of this as of all else, will any deal be made.

Caroline Moorehead

Prisoners of conscience



Vietnam:

Nguyen Sy Te

Caroline Moorehead
Nguyen Sy Te, a university tutor and founder of the *Young Review*, *Sang Tao* (Creative), was arrested more than two years ago and is still being held in a reeducation camp at Trung.

He has not been charged or brought to trial and his health is believed to be deteriorating. He was a secondary school teacher in Hanoi before moving to the south at the time of partition.

In 1965, he was appointed a lecturer in the Faculty of Education at Saigon University. When the Government changed in April, 1975, he underwent a process of "re-education".

The *Sang Tao* group, in particular, was singled out and arrested. Nguyen Sy Te, one of several intellectuals, was arrested. He was said to have been writing an essay which was hostile to the Government.

For the first two years, Nguyen Sy Te was held in Chi Hoa prison in Ho Chi Minh City (formerly Saigon). In 1977, he was sent to the re-education camp, where he now lives, along with thousands of his inmates who constantly try to be released under the "Re-education Region", his future remains uncertain. Aged 59, he is married with four children.

Jack plane's not dies his wound

Ngkok, April 5.—The pilot he Garuda DC9 airliner died in the head, hospital said.

A pilot, Mr. Herman Rante, shot in the head by one of the hijackers during the assault on the plane, died yesterday.

The passengers and crew were rescued. Official reports say that none of the other hostages was killed in the rescue, but one Indonesian was killed and died at Bangkok's hospital on Wednesday.

Officials in Indonesia said the hijackers were killed. Carl Schneider, an Australian passenger, was shot back last Sunday by the hijackers while trying to escape the aircraft. Hospital officials said he was about to be charged.

St of junks in thquake panic ve Hongkong

Our Correspondent
Hong Kong, April 5

Five days of detention, including 71 junks which had an estimated 4,000 illegal immigrants from China to Hong Kong, have returned home. On board had already been the Hongkong authorities imposed a "strict" ban on their departure. It extended until Sunday the ban of bad weather.

A refugee exodus was prevented by widespread fears of an impending earthquake in Guangdong, near Hong Kong. The rumours were dispersed by the Guangdong Provincial Bureau and the Hong Kong Observatory.

Leader of failed Thai coup disappears

From David Watts

Bangkok, April 5

Mystery surrounds the whereabouts of General Sant Chulapimha, leader of last week's abortive coup in Thailand.

Early reports indicated that he had gone to Burma after his helicopter left Bangkok, though it was flying in a southerly direction. One Bangkok newspaper reported today that he had not even left the capital and was negotiating for political asylum in the United States. He already has a house in the United States and one of his children is studying there.

The United States embassy has declined to comment. General Sant could have flown south, first to visit supporters in the Fourth Army Region, his old command,

before flying on further south to a country of asylum, but there have been no confirmed reports of his having done so. General Prem Tinsulanonda, the Prime Minister, told another Bangkok newspaper that the rebel soldiers who obeyed his order to give themselves up by the deadline on the second day of the coup would not be punished. For the rest the law would take its course.

A committee of investigation is to be set up into the background to the failed coup. The Cabinet is expected to meet as usual on Tuesday.

Meanwhile General Amnat Damrakan, the Assistant Army Commander-in-Chief, has been the First Army Region, in which the coup attempt was centred.

Woman duels with Central African regime Pressure on Red Cross president

From Ian Murray

Bangui, April 5

The world at large had never heard of Mrs. Ruth Rolland until a month or so ago when the French press discovered that she was the president of the Central African Red Cross.

This was the charity named by President Giscard d'Estaing in the 1974 election. Some of the money he had received from the sale of diamonds given to him by ex-emperor Bokassa.

Mrs. Rolland affirmed that she never received a penny of the diamond money. Her husband is a former French officer in the Central African army. He is now in the custody of President Bokassa, awaiting the election of a new council for the local Red Cross.

One election has already been held and Mrs. Rolland confirmed in her job, but at the end of last month a decree dissolved the entire council and the small amount of money represented by the cheque remains unavailable even though it is desperately needed.

The Red Cross headquarters in Bangui is in an old colonial building with a corrugated iron roof, just across the road from the big white wall surrounding the presidential palace. When Mrs. Rolland was elected last November it was falling apart.

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The water, electricity and telephone bills had not been paid and all the services had been cut off.

With her own money and enthusiasm Mrs. Rolland had the services, cleaned the walls and had a Red Cross painted on the outside. Funds were all but exhausted but she allowed 30 of the stray boys who hang around the market place to use the headquarters outbuildings as a dormitory. Each morning she saw to it that they were fed.

She has been doing this type of thing for years. Her French husband is a former para-trooper turned armoured car driver. He is now in the custody of President Bokassa, awaiting the election of a new council for the local Red Cross.

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Corruption charges against ministers halted by Delhi

From Kuldip Nayar

Delhi, April 5

The central Government has dropped charges of corruption and misuse of power against two former chief ministers, Dr. M. Karunanidhi of Tamil Nadu and Dr. M. Chelvanarayana of Andhra Pradesh.

In both cases, the decision was apparently taken for political reasons at the highest level: recommendations from below were in favour of proceeding with allegations against the two former chief ministers and pursuing them to the hilt.

Regarding Dr. Karunanidhi, the Central Bureau of Investigation believed that most of the allegations against him could be proved in court.

In the case of Dr. Reddy, the Home Ministry, which processed the charges against him submitted to the Prime Minister, found enough material to in-

vestigate and proceed further, but for some reason this was not done.

In fact, Mr. Zail Singh, the Home Minister, has read informed Mr. J. Jayaram Basu, a Lok Sabha member from West Bengal, that the Government has no intention of proceeding against Dr. Reddy.

It appears that political considerations have weighed heavily with the Government in deciding to drop the cases against the two former chief ministers. In Tamil Nadu, Dr. Karunanidhi's party, the DMK, is an ally of the Congress (I). The two parties contested the last elections jointly. In Andhra Pradesh, Dr. Reddy still wields a great deal of influence. It is believed that Mrs. Indira Gandhi, the Prime Minister, does not want to see Dr. Reddy's reputation damaged by a court case.

Ethiopian appeal for aid to disaster victims

From Our Correspondent

Nairobi, April 5

Ethiopia is appealing for international aid for 3,500,000 people affected by drought or famine, or displaced from their homes by wars in Somalia and the Ogaden desert bordering Somalia.

Mr. Shimelis Adenaga, the Ethiopian Ambassador to Relief and Rehabilitation, gave this figure when he addressed a donors' meeting in Addis Ababa yesterday. He asked for \$150m in assistance to help those in urgent need.

His appeal was based on the results of a survey carried out by the United Nations agencies. The report said food supplies in the main drought areas could provide only 400 grammes a day.

The United Nations report estimated the number of people in urgent need of assistance at a million and a half, but the Ethiopian Commissioner said that was an underestimate.

Mr. Shimelis said the refugee problem in the Horn of Africa should be considered on a non-political basis. Some donors were more willing to give aid to one area than another, he said, apparently referring to increased American aid to Somalia.

Because refugee camps in Somalia get bigger food rations than those in Ethiopia, many people have crossed the border to the neighbouring territory, he added.

Fourteen fine figures by the river

From Our Correspondent

Nairobi, April 5

Fourteen gorgeous ladies will shortly be gracing London's riverside. To judge from their costume, they come from all parts of the world, but they are not, as you may think, finalists in an off-season Miss World contest, since they are all 12ft tall. With resin bodies painted the colour of Portland stone, they will be erected above the cornice of Unilever House, whose curving facade faces the north end of Blackfriars Bridge.

They are the work of sculptor Nicholas Munro, whose previous subjects include Coco the Clown, Max Wall and King Kong. He was, he admits, a little surprised to have been given the commission, and he modestly feels that the present dearth of figurative sculptors "who know anatomy" explains it. Humour has no place among the Unilever beauties, which were originally conceived as goddesses. In the course of time they slid a few pages down the iconographic hierarchy to become what London, ago, will soon see them to be — ethnic dancers.

Even so they "emerge" less than Mr. Munro initially intended as the architectural setting demands statuesque poses.

The 14 figures are composed of seven sets of identical twins, which will be arranged symmetrically. Through their national or rather international costumes they pay tribute to the numerous countries with which Unilever has connections throughout the world. Miss India sways seductively in a fishscale skirt; Miss South America rumbas in tiers of frills. A slinky little number was felt to be appropriate for Miss United States, although why not a drum majorette's uniform? Miss (or should it be Mr.) Far East wears the elaborate kimonos of Kabuki drama (traditionally acted by men).

The ladies have a serious Clive Aslet



International tributes: Northern Europe, United States, the Far East

architectural purpose. Unilever House, celebrating its 50th anniversary this year, has grown too small for company needs. Rather than redevel-

the site, Unilever took the enlightened decision of finding extra space within the existing structure. Among other things, this entailed redesigning the top two floors and putting windows into the hitherto blind attic. The idea of a multinational parade of belles was thought up to take the spectator's mind pleasantly off the slight architectural loss.

Clive Aslet

The author is a writer for Country Life.

Clad in harem pants and not much else, Miss Middle East is less equivocal. On the other hand, Miss Africa is well wrapped up in long, traditional robes — Mr. Munro's bare-breasted version having been revised in case it offended Unilever's visiting African guests. The demurest is Miss UK (strictly speaking, Miss Northern Europe) who was originally to have been a May Queen but grew, instead, into the most classical of the troupe, with her hands clasped behind her back in approved Royal Family manner.

The ladies have a serious Clive Aslet

The author is a writer for Country Life.

The ladies have a serious Clive Aslet

THE ARTS

Television

Boat Race/Grand National/Eurovision Song Contest BBC 1

Michael Church

Change and decay in all around we see: for reassurance, tune to the BBC.

Boat Race No 127 was very like Boat Race No 126 and several others before that: Oxford won. "Very much the underdogs, Cambridge," said the commentator, as the light blue public schoolboys danced nervously at the dark blue grammar lads with their pretty lady cars, and that was indeed the last they saw of them. "Cambridge must go away and try to do something about rowing at their university" was the final acid comment as the BBC helicopter spun disdainfully away. No prizes for guessing what.

A little later, helicopters took us dizzyingly over the jumps of Grand National No 135. We were shown historic pit-ups at Becher's Brook in horrible slow motion, and we met one or two daredevils whose broken bones would prevent their riding this year. "Keep everything crossed, boys," quipped the lone female jockey to her watching sons at home.

Until he lost us our money halfway round, we were keeping everything crossed for a plucky outsider called Lord Gulliver, but the outcome was, as everyone agreed, pure fairy tale. "Everybody takes all the credit," said the commentator, his voice breaking with emotion. "The governor did all the work," said the jockey gallantly, temporarily forgetting his own triumph over cancer and crimped hair. No one around him eyes glittered with aversion.

"I honestly sort of don't know," said the owner, when asked who the breeder was, but he did know that it was all pure fairy tale. Even on a small screen the thickly peopled green acres looked magical. Later again, helicopters attempted to set an authentic Irish mood for Eurovision Song Contest No 1 by slowly circling round ancient forts and priceless chaises, but a more authentically Irish mood was established by the mechanized scoreboard which unlike the quasi-humans present, clearly had a mind of its own. At a moment when France was leading with 24 points, Ireland was suddenly found to have 325. Whenever backs were turned, Turkey's paltry score was removed completely, to the justifiable fury, no doubt, of the watching millions in Istanbul.

Each group preceded its entry with a film clip. Terry Wogan had a good old sneer at the fact that they had all elected to be filmed eating and drinking, but he took their art as seriously as any of the other quasi-humans, and got very worked up when foreign judges disagreed with him. Four plastic flowers called Buck's Fizz won with a clever gimmick: the male flowers ripped the female flowers' skirts off. Taken further, this could have been mildly interesting.

By comparison, Gary Glitter (Arend 2) seemed almost unbearably real. But then, unlike the Eurovisionists, he is not a puppet. Most of the Eurovisionists came prepackaged in natty cream suits; Glitter's Japanese fruitiness kept bursting out all over. "Ever done any camping out?" asked Roy Plomley. Gary felt asked.

Northern Sinfonia/Chung Queen Elizabeth Hall

Noël Goodwin

When the Northern Sinfonia Orchestra comes to London, as it does four times a season, its programmes have the advantage of being mostly "played in" at other locations first and there is often particular pleasure to be had as a result. That occurred in much of Friday night's concert, even though illness had taken its toll of two successive soloists for Britten's Nocturne, and brought Robin Leggate as a late replacement to sing these haunting songs of night and sleep.

His bright, forward tone, which has memorably defined a number of lyric tenor roles at Covent Garden, found some early difficulties in the softly dreaming opening of Shelleys' "On a Poet's Lips" but elsewhere brought the mid-night memories vividly to mind in the settings of Keats, Tennyson and others. The singer's feeling for the sense of the verse was intelligently matched by the sympathetic partnership of the orchestra under Myung-Whun Chung.

The conductor was evidently anxious that we should appreciate the players as individuals. Not only were the seven obbligato soloists featured in Britten (with notable success by Stephen Reay's bassoon and David Jaslam's flute) but the orchestra's flexibility of ensemble enabled them to entertain us with the wit and character of Stravinsky's instrumentation of children's piano pieces, in their more diverting form as Eight Instrumental Miniatures for 15 players.

The symphonies that began and ended the programme were no less felicitously chosen. Mozart's No 23 in C (K200) was near, well modulated and not overexpressive, but another C major symphony even more rarely heard was specially enjoyable. This was Weber's No 1, which detaches itself with difficulty from its association with time but by the last movement has found its most captivating character, as communicated by the restrained fervour and polished ensemble of the performance.

A fresh mind on Molière's 'odd man out'

Five years ago Peter Hall, as he was in those untidy days, drew up plans for a season devoted to the Don Juan legend at the National Theatre. The cornerstone was to be his own Glyndebourne production of Mozart's *Don Giovanni* transferred to the Lyttelton while the other stages would house the full-length version of Shaw's *Man and Superman*, including the central *Don Juan in Hell* act, Odón von Horvath's *Don Juan Goes to War* and Molière's *Don Juan*.

Industrial action and lack of money scuppered the scheme, but bit by bit over the years the various elements have been presented, led by *Don Giovanni* which marked Glyndebourne's first appearance in a London theatre. The last piece of the package, *Don Juan*, goes on show at the Cottesloe tomorrow in a new translation from the French by the novelist John Fowles. At the start of his career Fowles very nearly became a French teacher.

"When I came down from Oxford I went to the University of Poitiers as a lecturer. The subject assigned to me was English Literature, which was unfortunate because I knew far less about that than I did of the French variety. Probably I fitted in well with the conventional image of a junior academic, mugging up desperately on Eliot and Pound in the evening and delivering a lecture the next day.

"It was while I was at Poitiers that there came on the very same day two offers of teaching posts. One was in the French department at Winchester and the other was from a ratty school in Greece. Of course, I went against all the dictates of commonsense and took the Greek job."

Perhaps commonsense did in fact prevail, because from the Greek experience there later emerged *The Magus* and shortly afterwards John Fowles gave up schoolmastering. Was *Don Juan*, to give Molière's play its English title, Fowles's first professional attempt at translation?

"Not quite. Almost thirty years ago I did a novel by a curious lady who was a friend of Chateaubriand and was admired as a writer by Stendhal and Sainte-Beuve. It interested me because it was as far as I know, the first study of a black man written by a white woman. But you won't find it easy to track



A distaste for hypocrisy: John Fowles (above), and Nigel Terry (left) and Ron Pember, as Don Juan and Sganarelle, in the National Theatre production

down: it was commissioned by a Texan antiquarian bookseller and was printed in a small and very expensive edition. "When Peter Hall first approached me about Molière it was decided that I should make English versions of two French plays, *Don Juan* and Alfred de Musset's *Lorenzaccio*. The latter, as it stands at the moment, would run for five hours and needs a cast of thousands. Peter goes slightly pale every time I mention it. I enjoy translation simply because it is much like a crossword what to do with him so we leave him alone. I'm very glad that Peter Gill, who is directing *Don Juan*—he picked the play out of the pack on offer to him—is no expert on seventeenth-century French drama. He will bring a fresh eye to it."

"Well, I hope so. I began by making a rough literal translation with the help of one of my old Oxford professors. Then

no compunction in mixing high wit with high farce. Yes, it is the play which does not fit into the Molière canon and probably that is why it has never been popular. The French are very compartmentalised: they don't like pieces which do not find a place in their overall scheme of things. And of course in Britain Molière has become very much the study dramatist. There are rare exceptions like the John Dexter production of *Le Misanthrope*, for the National, but on the whole we don't quite know what to do with him so we leave him alone. I'm very glad that Peter Gill, who is directing *Don Juan*—he picked the play out of the pack on offer to him—is no expert on seventeenth-century French drama. He will bring a fresh eye to it."

"This is the part of the play with the greatest interest as far as I'm concerned. The *Don Juan*

theme has never held any particular attraction for me and I've certainly not used it in any of my novels. *Don Giovanni*, I goes without saying, is a masterpiece, but one that I have never found particularly affecting. And for that matter I'm not at all that keen on *Man and Superman*. But I share one hundred per cent Molière's dislike of political double-talk, which comes out so clearly in *Don Juan*, and I'm all for the further examination of language and its use, something else he probes in this play."

Now that John Fowles has Molière, or rather one Molière, under his belt, will he go on and tackle other French playwrights? Racine perhaps? "I've been considering Racine, but I'm still uncertain. In any case I am probably not the best judge: I collect plays but I hardly ever go to the theatre. But Racine never, he's untranslatable. I'd rather walk to hell and back."

John Higgins

Book review

Why Christianity Works

By Mary Kenny

(Michael Joseph, £6.95)

Once upon a time there was a little girl called Mary who lived in Ireland. Life in Ireland was very dull; families were big and children did not always get as much attention as they wanted. Mary read about the big city over the water. Now that sounded exciting. As soon as she was old enough, Mary left home and family, and set out for London. She was not disappointed: life was exciting. Mary had arrived at a wonderful time for young women—unlike their mothers, girls had lots of freedom and if they wanted they could live just like boys, drinking, smoking, even having affairs without becoming pregnant. Mary liked this, but she wanted more. She became a journalist and campaigned for changes in the abortion law, easier access to contraceptives, and lots of other reforms. She even went

back to Ireland to support those women in the south who were demanding contraceptive services, which were illegal there. All this went on for a long time and Mary was very happy. She enjoyed life and was much admired as a good feminist. Then she got married and had a baby. Mary looked at her baby son and realized that she had been wrong and that her mother and her church had been right all the time—and so she is now, in a sense, a double convert. She has written a book explaining her new views.

Miss Kenny (oddly, in view of her philosophy, she has not adopted her husband's name) is quite a different person from the young woman who came from Ireland. The girl, which she once advocated, is now anathema. Women must have all the babies God sends (she has two). Abortion under any circumstances is wrong. Her most social issues from being on the left. Miss Kenny has moved to the Far Right, a position not all Christians would endorse. Miss Kenny never seems to have thought very clearly as she pursued her feminist campaigns, and unfortunately she thinks no more clearly now.

Even the title of her book is inaccurate: it is not about why Christianity works. She admits this, and says it is about why Catholicism works for her—perhaps Catholicism rather than Christianity would be less appealing in the title. Catholicism is, by no means the whole of Christianity, a fact she does not always realize.

Nor does she get Catholicism right: it promises greater hope and understanding of diversity of character than she allows. Above all, she has forgotten an all-important text: "Faith, hope and charity." These three: but the greatest of these is charity. She tells her readers firmly that it is not enough to accept the dogmatic and aesthetic truths of Christianity, but that all the liberal ones must be accepted as well. Mary Kenny lacks charity, and has sold herself and her former friends and supporters short in a garbled and inaccurate account of how she thinks Christianity works. We must hope for a better exposition of the problems and possibilities facing the Christian woman in the 1980s.

Margaret Allen

Glasshouses Theatre Upstairs

Irving Wardle

In *Touched*, Stephen Lowe produced a faithful picture of life in wartime Britain before he was born. In *Glasshouses* he moves on to the period of his own adolescent memory in the early 1960s, and produces a picture that might well have been compiled from second-hand sources.

Once again, the setting is Nottingham, and the form a neighbourhood chronicle spread over a prolonged time-span. The starting point is the removal of two families into some less cramped accommodation (their new environment is never clearly defined), so as to sort out those who can adapt to change from those who cannot. The casualties are the two fathers, old Army buddies who are lost in postwar Britain. Arthur has shut his mind to it by going stone deaf, and is treated as an object of embarrassed shame by his family. Frank, who seems to have lost

his job (again no details) retains a shell of confidence which is brutally demolished by the wife Elsie after the move. The children look on in disbelief at the ugly mess their parents have made of their lives: observing the fixed ideas, sexual restrictions and power struggles of the older generation, fearful that they may do no better. In the meantime they protect themselves by quietly cutting themselves off. The exception is Arthur's son Jim who sees himself as a reincarnation of D. H. Lawrence, and sets out to make a *Sons and Lovers* style home movie showing himself and his girlfriend breaking through the inherited bonds of Sneyton morality.

So far so good. What is missing is the dispassionate observation of a particular society that lent such authority to *Touched*. Instead, the elders are seen as frightening or ludicrous monsters, as they would appear to children. June Watson's Elsie never addresses a word to Frank (Bernard Kay) except to humiliate him; and finally she condemns him to life in a glasshouse where he curls up and dies. Richard Butler's Arthur remains a bundle of refuse stuck in the corner, periodically cutting into the conversation with inconsequential bigotries in a sardonic dead-man's voice.

As for young Jim (Nick Dunning), if ever there was a piece of self-hating character assassination it is in this portrait of an intellectually patronizing, harshly egotistical, socially timid would-be-writer who spreads as much guilt around as his elders, and who seems all set for a lifetime of revenging himself on his upbringing under the masquerade of literature.

There are some extremely funny passages in Annie Castledine's production, such as a filmed love scene (featuring the mischievous Sylvester (Le Touzel), which the parents mistake for a gang-bang; but it is the poet's style, quite correctly, from the fact that Mr Lowe has chosen to work in images (the title, for instance, refers not only to the proverb, but to Arthur's career as a military policeman, and to poor Frank's glasshouse) which are a poor alternative to social recall and coherent plot.

Friday night's recital found him in a more familiar frame of work, in the company of the pianist John Taylor, the bassist Chris Laurence and the drummer John Marshall, all colleagues from the earlier days. Much of the music, collective improvisations built on skeletal compositions, was like old times, only Surman's use of electronic devices reminding us of his recent preoccupations.

The most absorbing sequence, lasting about 20 minutes, began with a slow, morbid unison for bass clarinet and arco bass

before Surman raised the pressure and opened the way for Laurence's passionate solo. A heated conversation among the rhythm section was rejoined by the bass clarinet, this time employing subtle echo and double-tracking effects, before Surman switched to baritone saxophone for a duel with Marshall in which the saxophone produced all manner of freakish, emotionally charged whistles and cries. Finally the piece transformed itself into a fast, rambling blues before dying in a rattle of bass strings.

After such intensity, everything else—even a loving treatment of Monk's "Round Midnight"—with Taylor outstandingly eloquent—sounded relaxed. Surman seemed to enjoy himself; perhaps he will be stimulated into further such appearances.

John Surman 100 Club

Richard Williams

The British jazz scene has never quite recaptured the zest, the sense of adventure and the unity it enjoyed at the end of the Sixties, when the saxophonist John Surman was unquestionably its preeminent instrumentalist. His sudden decision to abdicate that role, prompted by an interest in new forms and working methods, removed the focal point and presaged a series of divisions and diversions.

Sighings of Surman on London stages have been rare for a decade, and memories are short. His most recent album, *Upon Reflection*, made a virtually unremarkable appearance

last year, even though its layers of saxophones and synthesizers, built up by means of overdubbing, suggested that he had at last thrown off the mantle of his influences and had discovered a music of remarkable purity and lyricism which was his alone.

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Balconville Old Vic

Irving Wardle

As the tourists see it, Montreal separatism is amusingly inscribed in the bilingual road signs and the affluent English and French communities each winding up their own side of the mountain. This is not the case in the working-class Point St Charles area—the setting of David Fennario's play—where poverty drives the old enemies into sharing the same narrow territory and hanging the maple leaf and the fleur-de-lis on adjoining windows.

Guy Sprung's Centaur Theatre production arrives at the Old Vic, via Bath and Belfast, with the rare distinction of having overcome Quebecois bigotries in its casting and Canadian audiences. (One of the company, I note, is Marc Gelin, son of the intransigent founder of the Comédie Canadienne.) For all its Franco-English hostilities, separatism is not the play's theme. So far as fire hazards, extortionate landlords, and the 40 per cent unemployment rate are concerned, all the teeming dwellers are in the same boat. There will be time enough to restore the Plains of Quebec when they have all moved into Westmount mansions.

The main action centres on three families, two English and one French, whose apartments overlook the corner of a grimy yard. Interconnecting balconies are occupied by the Paquette family with its proudly employed male breadwinner, and the joblessly demoralized Johnny who goes drinking every night on his wife's earnings as a waitress. Down below lives Muriel, a pennilessly enraged grass widow whose main target is her unemployed teenage son. To

the nationalist tensions added those of physical aggression; and the sea atmosphere is one of an untruce, repeatedly exploding into open aggression, or a repressed, tighter, closer threat. There are many touches must surely have hit Montreal public with a sense of recognition, such as affronted Paquette père's fusils to pollute his lips the English language, and sight of the two men each tugging back to back watching same ball game on two separate television sets. The perils all derive truthfully: the environment, a drunk that wrecks a party, the dation of poor Mme Paquette cherished pot plants, and al shouting and door-slamming spring from the no-hope frictions of society, with judgments against individual characters.

Women convincingly en as stronger than the politically as well as domally. Johnny merely throw egg at a visiting election candidate, but it is the play with the collapse the next building, it is women who have the last "We're next!"

I cannot pretend that Balconville is much fun at the Old Vic, you see what is going on. There is no theatrical section of national characters and however authentic the performances of Susan W. Jean Archambault, and Gelin, they appear through the wrong end of a scope: a slice of life going in the far distance. Not clear the statement of the play, its moment-to-moment plotting is cumbersome, events stitched together socially so as to give group a fair deal. And the duction is cruelly and well. It shows is another well, but seeing but for the eyes.

The Business of Murder Duchess

Anthony Masters

Welcome to a thriller that is well crafted and well acted without having a plot resembling a corkscrew or, like recent deathraps and oily Levantines, lecturing the house on its own savagery.

Richard Harris's first stage play since *Outside Edge* is definitely a thriller, not a dud, although grizzly props leave little doubt that something, or rather somebody, has been done. He even calmly turns initial exposition into a cliffhanger by making a mystery simply of what is going on.

A winging, cringing little man in brown (the suave Francis Matthews is barely recognizable) and a crazy detective superintendent (George Sewell) meet in a cluttered flat of discreetly yucky good taste up whose walls any decent duck family would be proud to fly. What are they doing there? Only viewers of the original television version will know; and if you know, you have extra pleasures.

Mr Harris gives plenty of clues, almost too many; and the emergence of the answer slowly and haphazardly, as if

we were overbearing real violence into proper fear. It happens, the full answer sensational enough to pr his first-act curtain. From on, the denouement is r less.

Mr Sewell's prizefighter-detective (whimsically, a after the theatre's manner director) is dry and tough the remainder biscuit, r mending his job for "plan fresh air, a nice pension ample opportunity to get leg over" Lynette D. Clervet charts the grimpanic of a victim unusually and sophisticated for a End thriller, and Nola Bae. Salvin Stewart do all one with rather underwritten. But, as the plot turns out, Mr Matthews's play, and carries it with a detailed, clipped piece of char acting that is a delight to w.

Experts will note the Harris puts the play's big ing at a point in the where no author has p been able to do. The gr brain-teaser does not blind to its human tragedy. The twist, though too cl reminiscent of two other i could name, is satisfyi logic, and the ending in its calculated ambiguities lead perfectly: a useful t as it happens, for a critic cerned not to give a good away.

Beguiling to the ear

London Choral Queen Elizabeth Hall

Max Harrison

Choral music has persisted in vain Hamilton's output ever since the *Border Songs* of 1953 and lately he has been more than ever productive in this direction. His recent *Vespers and Requiem* have been followed by a new nine movements, and this had its world premiere on Saturday evening from the London Choral conducted by David Coleman.

Making use of a large body of unaccompanied voices, the music is spacious, often restrained, but never austere in a merely negative sense, the ear being constantly beguiled. Most of the writing is in six parts and Dr Hamilton makes little use of overt contrast dramatic or otherwise, establishing his notes by means of continuity, the accumulation of effect and above all through lively counterpoints.

The initial "Kyrie Eleison" is typical, with vocal phrases which follow convention in the sense that they are long and smooth, flowing all the while being on the edge nearly all the time, the outer voices

frequently reaching for heights and the depths. result is animated and as gent, the latter quality ar from the way the lines n for Dr Hamilton's thinki essentially horizontal.

"More virtuosic is "Gloria," especially in splendid, outburst of v sound which is beg Still the music moves in a se less flow but not in the s of empty decorative arabesq for the invention is consi especially in terms of trapaculous musical i have more distinct idies and one begins notice how apt is much the word-setting. Here the d mic range is wider also and overall sound of the choir, g and in six parts, is beauti

Indeed, this is the r adventurous and the most quent movement, although "Agnus Dei" and "Dona N. Pacem" are no less mtable. Considering the num of voices involved Mr Cole obtained an excellently grated performance of a worl only the last of whose ments, the "Amen di Mes and the conscious of an elaboration for its own s And this made an appropia

St Martin in the Fields Sextet Wigmore Hall

Joan Chissell

In the Wigmore Hall's current survey of Dvorak's chamber music the spotlight on Saturday night was turned on his A major sextet, op 48, music written in his later thirties at the peak of his powers, music brimful of the same fresh country air that won his recently produced Moravian and Slavonic Dances immediate acclaim throughout Europe. Yet on this occasion it was D minor sextet with which Dvorak's work was paired that stole the show. Tchaikovsky's *Souvenir de Florence*.

Why? The answer was of course the playing. The Academy of St Martin in the Fields Sextet gave the Czech piece what seemed a capable run-through without in any way making it their own. Part of the trouble lay in balance. Dvorak does not just write tunes and accompaniments, but

weaves the six instruments i a contrapuntal texture that easily sound thick unless carefully weighed and blea. This team had not given eno to phin ears on to this that particular strand. Not they make enough of dyna contrasts. Once or twice, leader's intonation, like his itog, seemed a little indici. Even the "Dumka"

"Furiant" lacked tempera. The gramophone catais betters than the St Martin the Fields Academy as a w have already recorded Td kovsky's charmer in orchest dress. So there is no need to quire further as to why this formance revealed the tea, a completely different, lig exuberant in bri, amiable, acutely responsive the sheer magic of sound o jured up by the old orchest wizard in what was a chamber work, in fact stylishly unified and yielding ensemble as if playing w bation. In their relief acqui even their sonority acquired bloom of a small art orchestra.

Some of the reviews on this page are reprinted from Friday later editions.

Racing

Champion's tale an inspiration to all

By Michael Seely

Lake Bull Champion, the Grand National winner, died this morning after a long and painful illness. The four-year-old gelding, who had won the race in 1976, had been suffering from a severe form of cancer for some time. His death is a great loss to the racing world, but his story is an inspiration to all who love the sport.

Champion's tale is a story of courage and determination. He was born in 1976, and his owner, Mr. John Gifford, was determined to make the most of his horse. He was trained by Mr. John Gifford, and he was a very successful horse, winning the Grand National in 1976.

Champion's death is a tragedy, but his story is an inspiration to all who love the sport. He was a very successful horse, and his owner, Mr. John Gifford, was determined to make the most of his horse. He was trained by Mr. John Gifford, and he was a very successful horse, winning the Grand National in 1976.

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Storm Bird remains under cloud

By Michael Phillips

Racing Correspondent

As a cloud of uncertainty continues to hang over Storm Bird, the long-time favourite for both the 2,000 Guineas and the 1,000 Guineas, the season continues to be one of disappointment. Storm Bird, who has won the 1,000 Guineas and the 2,000 Guineas, is still the favourite for both races, but his form has been questioned.

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Mutual admiration society: Jockey, trainer and owner with four-legged friend.

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Rugby Union

Cup machine must find another gear by May

By David Hands

London Scottish 12, Leicester 18. With a cough and a splutter, Leicester's cup machine rolled into the John Player Knockout final for the fourth successive year. At this time of year, Leicester is always a favourite to win the final at Twickenham.

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Gosforth find right balance on field of play but not in fields of finance

By Peter West

Rugby Correspondent

Indeed, a disappointingly small crowd on Saturday provided a realistic footnote to the financial picture painted in the club programme. "It is no secret," it was written, "that most major clubs are finding the going hard, and the fact that Gosforth have been able to survive in rugby as there is today, it is not going to the right places and the club are getting a poor deal."

The article reflected that what with more and more clubs, Gosforth have had only seven home matches, at which they could have made a fortune. So, Gosforth have had only seven home matches, at which they could have made a fortune.

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Young players seeking the way to higher things

By Gordon Allan

England Colts 12, Wales Youth 10

Matches between these two sides began in 1973. This year, however, was not among the best, though some of the players have been able to go on to higher things. The mark has been set by Clive Woodward, who played in 1973, was the first former colt to be selected for the British Lions.

There was a bigger crowd than almost anything Oxford University are accustomed to, and an air of excitement pervaded the stadium. The players were all young, and they were all looking for a way to higher things.

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Cardiff and Holmes in relaxed vein

By Gerald Davies

Cardiff 40, Bedford 12

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Spiers takes Canadians to the peak of their tour

By Steve Elliott

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Rugby League

St Helens seethe over 'injustice'

By Keith Macklin

For the second successive season the speed and flowing style of Hull Kingston Rovers will grace the Wembley. However, it is a debateable point whether a decision by the referee in the 51st minute changed the course of the game or merely hastened the inevitable.

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Cross-country

Kedir takes it all in his stride

San Vittore, April 5.—Mohammed Kedir, of Ethiopia, won the 10-mile Five Mills cross-country race in 20min 45sec. He was followed by Roberto de Castella, of Australia, and by another Ethiopian, Abayneh Yifter.

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where you
there is good
Anton, the S
tain reported
upper slope

will be subject to the subsequent approval of the Court.

Dated this 6th day of April 1961.

ALLEN & OVERY,
7 Chancery Lane, London E.C.2

The election Labour must be seen to win

The freedom that is constantly at risk

It would be a political catastrophe for the Labour Party if it fails to regain control of the Greater London Council in the election on May 7. The Conservatives, in control since 1977, would undoubtedly argue that their prudent, money-saving policies deserve recognition with a vote of confidence for the next four years, but in reality they cannot win. Only Labour can lose, and if it does, it will be the result of a reaction against its self-confessed and well-publicized programme of spending, with the inevitable consequence of yet more high rate increases.

By any other state of the affairs of the previous election, and the political swings since, the omens indicate a comfortable victory for the Labour Party. In 1973, a good year for Labour with a Conservative government in office, the party gained 58 seats, leaving the Conservatives with 32 and Liberals with two. The situation was reversed at the next election in 1977, when the Conservatives won 64 seats to 28 for Labour. A subsequent by-election win for Labour gives the present council composition of 63-29.

The tide had already begun to turn by the time of the 1979 general election, which for London gives an accurate reflection of the political feeling because the 92 seats for the GLC are evenly split between the 32 parliamentary seats for the area. By then the gap had narrowed, giving the Conservatives 50 seats and Labour 42, the seats changing hands shown in the accompanying table.

Compared with the 1977 GLC election Labour needs a swing of 9.5 per cent, but compared with the 1979 general election requires a swing of only 2.1 per cent. Thus, if the swing is consistent, a gain by Labour in Paddington, Hammersmith, Ealing North, Fulham and Ilford South will bring Labour back into power at County Hall by 47-45.

These five seats are key marginals for the party, along with several others the party would expect to win, including Woolwich West, Putney and Enfield North. The swing to Labour since the 1979 general election is roughly seven per cent at present, which could give the party a healthy majority of 18, leaving aside the Liberal challenge and that cannot be left aside for the Liberal challenge of success in a handful of Conservative seats and hopeful of success in one Labour seat, Bethnal Green and Bow.

Recent, council meetings have helped to build up the momentum between the two main parties and exposed the severe differences between them over their policies for London. This process should also help the electorate, most of which knows little



Sir Horace Cutler: "a leader with charisma".

of the Greater London Council and its works, and cares less.

Sir Horace Cutler, the Conservative leader, has lost no time in branding the Labour manifesto as Marxist, and complaining of the huge cost of their policies if Labour are returned. At the same time he has been in the public gaze as much as possible, even running a few steps up to the line with competitors in the recent London marathon to gain valuable television coverage. He, if anyone, has brought the GLC to public notice and it could have an effect on the voting. "He is a leader with charisma," Conservative party officials happily say.

His jibes at the left-wing policies of the Labour group, formed over many months of deliberation and consultation with all parts of the party, including the constituencies and unions as well as the Labour group on the council, have left the candidates united, at least on the surface. But the comment of one moderate Labour candidate—"we are all left-wing now"—betrays the unease which some of them feel, and there is bound to be a power struggle if Labour wins.

Mr Andrew McIntosh, Labour group leader, defeated Mr Kenneth Livingstone, choice of the left-wing, by one vote last year. Mr Livingstone will challenge him again after the election.

The programme involves a reduction by one-quarter in London Transport fares, action to create 10,000 new jobs and the revival of the housing programme, which together will mean—as the group has openly stated—a supplementary rate

The balance of power in the GLC

Seats held by Labour		Conservative held GLC seats which showed swing in 1979 general election	
Newham South	Southall	Beckenham	15.9
Stapleford	Dagenham	Chipping Barnet	15.9
Barnet	Barking	Marble Hill	16.7
Newham NW	St Pancras North	Harlow West	17.0
Peckham	Islington North	Westminster	17.7
Hackney Central	Vauxhall	Richmond	17.7
Brent South	Hackney North	Twickenham	17.8
Woolwich East	Brent East	Southgate	18.6
Bethnal Green	Islington South	Ruislip	19.8
Tottenham	Brent Central	Wansley	21.2
Newham NE	Walthamstow	Ravensbourne	21.9
Battersea North	Holborn and St Pancras	Sutton	21.9
Greenwich	Lewisham West	Orpington	23.1
Deptford		Chelsea	23.8
Lambeth Central		Croydon South	25.9

Seats held by Conservatives showing percentage swing needed for Labour win

Paddington	0.2	Hendon North	8.0	Beckenham	15.9
Hammersmith	0.8	Croydon NE	8.0	Chipping Barnet	15.9
Ealing North	1.2	Kingston	8.1	Marble Hill	16.7
Fulham	1.8	Uxbridge	8.4	Harlow West	17.0
Ilford South	2.1	Upminster	8.8	Westminster	17.7
Putney	2.7	Finchley	9.9	Richmond	17.7
Woolwich West	2.8	Brent North	9.9	Twickenham	17.8
Enfield North	3.4	Carehaven	10.1	Southgate	18.6
Hampstead	4.3	Harlow East	10.3	Ruislip	19.8
Brentford	4.5	Romford	10.5	Wansley	21.2
Croydon NW	4.7	Bexleyheath	10.5	Ravensbourne	21.9
Hornsey	5.0	Chislehurst	11.5	Sutton	21.9
Harlow Central	6.7	Hendon South	11.6	Orpington	23.1
Ilford North	7.0	Wimbledon	13.3	Chelsea	23.8
Action	7.2	Chingford	14.1	Croydon South	25.9
Streatham	7.2	Surbiton	15.3		
Croydon Central	7.9	Kingston	15.8		

in October of 6-8p and an extra 11p a week on average domestic rate bills by 1983-84. Labour's argument is that these measures are needed to rescue London from decline, that people will not object to paying for better services, and—rather more quietly—that a large proportion of Labour voters will not be too inconvenienced by the increases because they will be entitled to rate rebates.

Sir Horace Cutler will launch the Conservative manifesto tomorrow, but the party's campaign guide spells out clearly that the Conservatives will stand on their record. "We have put London's finances on a sound basis, and reformed the structure of the GLC. We are providing London with less government and better government."

Labour's answer is that the Conservative administration has simply provided London with less, including a reduction of house building to almost nil and the hand-over of GLC estates to the boroughs.

The Conservatives will be campaigning not just on their own record. Their other aim is to attack Labour's left-wing lurch. Sir Horace has lost few opportunities in branding the "Marxist" Lord Thorpey, chairman of the party, has summoned the troops to battle to prevent the Marxist flag flying over County Hall, and their campaign slogan is to keep London "out of the red".

While the Liberals faded from sight in the 1977 election, they can return to the fore this year. They have been winning by-elections consistently in the boroughs and last week gained an impressive win in Richmond.

In a Liberal ward, admittedly, they achieved a 16 per cent swing from the Conservatives. It gives a late hope to the party, which is hoped to be the Richmond seat from the Conservatives, which would mean the arrival at County Hall of Mr Adrian Slade, their campaign leader.

The party has been given a psycho-

logical lift by the fact that Lord Avebury, redoubtable politician and ever known for his Orpington triumphs, is to stand in Southall, Liberals have hopes also in the other Richmond seat, Twickenham, at present occupied by Mr George Tremble, the GLC housing leader, and should do well in the Sutton seats, one of their past strongholds. They are also providing a powerful challenge in Bethnal Green and Bow, where they have been working hard in recent years to win support on the council estates ignored by the Labour councillors. They see it as a Liberal campaign on the Liverpool lines, working in the community, channelling complaints and getting things done. Their work could put the seat held by Sir Ashley Bramall, leader of the Inner London Education Authority, in jeopardy.

The party has decided not to form any arrangement with the Social Democratic Alliance, which is fielding eight candidates, and instead has appealed for them to back the Liberals.

In London the SDA decided to fight against selected left-wing Labour candidates, with the hope of causing, at the least, embarrassment and at best the defeat of the Labour candidates. Dr Stephen Haseler, a former Labour GLC committee chairman, has gone so far as to declare that he will win. He is standing in Lambeth North against Mr Edward Knight, the Marxist leader of Lambeth council, who ought on form—or swing—to win.

As Dr Haseler, president of the SDA, mounts his challenge in Norwood, Mr Douglas Eden, secretary of the Alliance, another former GLC chairman, sets off to contest Islington South and Finsbury against Mr Frances Morrell, former adviser to Mr Wedgwood Benn. Mr James Daly, a third former Labour GLC chairman, who was to fight Mr Livingstone at Paddington, has stood down, but has to sponsor an alternative candidate, and will continue to campaign for the party.

Complicating the issue slightly—and with varying impact—the Communist party, the National Front and the Ecologist party are all fighting up to half the seats.

For an election traditionally known for its apathy, the resurgence of the two main parties, the resurgence of the Liberals and the intervention of the Social Democrats, should create an almost heady excitement. It will only become a sensation if Labour fail to win control.

Christopher Warman
Local Government Correspondent

Zimbabwe, now that the honeymoon is over

Salisbury
So much has changed in Zimbabwe since independence a year ago yet so much remains the same.

The black gardener weeding a croquet lawn by hand or the black woman who comes running at the tinkle of a hand bell are reminiscent of the colonial era which preceded Mr Ian Smith's attempt to keep Rhodesia white for the next 1,000 years. Yet the likelihood is that the gardener and the maid are now members of one of the many committees which have been set up by factory workers, farm labourers and even domestic servants around the country.

These committees are not, in fact, as fearsome as they sound. In most cases the committees members continue to show due deference to their employers but now feel able to negotiate collectively on matters such as pay and conditions of service. But there are many visible signs of change. The pub in the little farming town of Enkeldoorn, once the meeting place for the area's predominantly Afrikaans-speaking farmers, is now patronized almost exclusively by blacks. The gun rack, where the white used to leave their shotguns and automatics before getting down to the serious business of drinking, is now empty except for a single umbrella. The white farmers still live in the area, but they drink at home.

Over in Melseter, in the mountainous eastern region near the Mozambique border, a white forester is finishing repairs on his house which was burnt out by Mr Robert Mugabe's Zanu guerrillas during the independence war. The carpenter who is helping him to fix the roof is a former Zanu platoon commander who led a number of attacks on white farms farther north. There is no rivalry between them, merely a shared desire to

continue the country's return to normal.

The changes which have taken place since independence are most apparent in the cities—Salisbury, Bulawayo and Umlali. There are many more blacks in the streets than there used to be, they are better dressed and they have more money to spend. And they seem to hold their heads high as if to show that the country is now theirs. Perhaps one of the main achievements of independence has been to give blacks a new sense of pride.

Blacks are now doing many of the things that whites did. They mingle in hotel foyers (although there are still restaurants where black faces are rarely seen), drive smart cars and sit behind large desks. Black children are thronging to what were formerly white schools, a trend which has alarmed some white parents, particularly when they find their children are in the same classroom as their domestic servant's children.

On the whole the changes have taken place with little evidence of racial animosity, and incidents of blacks throwing their weight around or taunting whites have been relatively rare. On the whole the blacks have shown themselves to be remarkably tolerant, commented a white civil servant.

Whites have also adapted well to their changed circumstances. Some of them openly concede that they are much better off than the present Government. Bishop Abel Muzorewa, the former Prime Minister and now largely forgotten. A senior civil servant, who not long ago was fighting against Mr Mugabe's guerrillas but who now unblushingly talks about the "liberation war", epitomizes those whites who are trying to make a go of it in black Zimbabwe.

It would be wrong, however, to suggest that the majority of whites are enthusiastic about the changes. They are happy that the war has stopped and that many of them are benefiting from the country's booming economy. But they are worried about declining (from their perspective) standards of education and health, the wild rhetoric used by some ministers and the sharp deterioration in law and order.

Some whites have decided to quit. More than 17,000 did so last year and whites are now leaving at the rate of 2,000 a month. This is not the exodus which some people predicted at the time of independence but it represents an alarming loss of skills at a time when the country's development is crying out for more trained and experienced personnel.

The shortage of trained manpower represents one of the biggest problems facing the Government and will be an important constraint on future economic growth. Zimbabwe is fortunate in its number of qualified blacks, but there are not nearly enough and many lack the technical skills which are so badly needed. One multinational corporation has tried to overcome this problem by advertising for technicians in Britain—and was overwhelmed by 32,000 replies.

As Mr Mugabe begins his second year in office his main concern remains the same as it has been for the past 12 months—the need to satisfy black aspirations, but at the same time retaining the confidence of the whites whose skills are required for the country's future economic stability. So far he has managed to

April 18 is the first anniversary of Zimbabwe's independence. In this, the first of six articles, Nicholas Ashford, *The Times* Southern Africa correspondent, describes how citizens and Government are learning to cope with the problems facing the country.

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maintain this delicate balance with remarkable dexterity. However there are signs that a growing number of blacks are unhappy with his Government's performance and feel that Mr Mugabe has done more for whites than he has for them. It is not unusual these days to hear blacks make disparaging remarks about Government ministers; and it is not hard to understand their frustrations when, for example, the new Zanu party picture shows Mr Mugabe watching two white ladies playing cricket at a Salisbury sports club.

Rising black discontent—which, it must be emphasized, in no way implies a threat to the Government at this stage—is due mainly to two factors: expectations were raised too high at the time of independence and many whites are seen to have retained their positions of privilege. There is also discontent over what is perceived to be an abuse of power by some of the country's new leaders.

The men who led the country's revolution and who still speak of the need to eradicate the gap between rich and poor can now be seen buying large houses, dining in fashionable restaurants and driving about in Mercedes cars. There is wide spread talk about foreign exchange fiddles and the lining of pockets by some now in authority.

It is, in fact, unfair to blame the Government for failing to grapple with the issues which most affect blacks. An enormous amount has been achieved since the fighting stopped, not least the fact that the hard-won peace has been consolidated during

the Government's first year in office. More than a million refugees and displaced persons have been resettled. Whole areas of the country which were virtually closed during the war have been opened up, roads have been repaired and bridges rebuilt. Life in most tribal areas has returned to normal and many peasant farmers are planting crops again.

Some 400,000 people have benefited from the Government's emergency feeding programme. Tens of thousands of seed packs have been distributed so that peasants can produce their own food. Schools and clinics have been reopened, primary education is now free for about one million children and free health care has been introduced for people earning less than £100 a month. A minimum wage has been introduced.

These achievements have been recognized by a country which has just emerged from seven years of civil war and for a Government which had no previous experience of administration. However the pressures will continue to build up for the Government to move faster towards creating a socialist, egalitarian and democratic society.

Another problem confronting Mr Mugabe during his second year in office will be the continuing tension between the Zanu (PF) Party and the Patriotic Front led by Mr Joshua Nkomo, and more particularly between their respective armed supporters. But whereas a year ago this problem looked very much as if it could split the Government asunder and wreck Mr Mugabe's attempts at national reconciliation, it now looks more manageable.

The fact that Mr Mugabe's Government of national reconciliation has survived its recent squabbling between its two component parties as well as two major outbreaks of fac-

tional violence in Matabeleland is a sign that both Mr Mugabe and Mr Nkomo recognize the importance of avoiding an open rupture. There is also no doubt that Mr Mugabe has succeeded in consolidating his position by the swift and effective way he handled the insurrection in February by former Zanu guerrillas supporters of the Communist Party.

The continuing process of integrating former Zanu and Zanu guerrillas into the new national army should help to reduce tension between the two factions. Eighteen integrated battalions have already been established and it is hoped that integration process will be completed by the middle of this year. There will always remain a danger, however, that a confrontation between Zanu (PF) and the Patriotic Front at a political level could provoke a racial split within the united army.

If the peace was consolidated and a start made on reconstruction during the first year of independence, the second year should provide a clearer idea of the direction in which the country is headed. Mr Mugabe and his ministers still pronounce their belief in socialism yet their present policies are decidedly social democratic ones. The recent economic White Paper entitled *Growth With Equity* provides little indication that they will be radically changed.

Many of the problems which the Government will have to tackle during the coming year will be economic rather than political. How successful, for example, will it be in absorbing the huge amounts of foreign aid which will soon be flowing in? How will it cope with inflation and the need to raise production? These are the real tests of the Government's ability to run the country efficiently now that the post-independence honeymoon period is over.

Don't forget, Chuck, that the eyes of the world are on us here in Washington. Foreigners never understand American sports, let alone jokes about them. "I guess the same would apply to jokes about Philadelphia then, wouldn't it Jerry?" "We can always fall back on that if we can't think of anything else. But with an international audience, why not a few about foreigners?" "What..." (several expletives deleted). "Have you gone out of your tiny vaudeville mind? Don't you remember the New Hampshire primary last year when the boss nearly put himself out of the running by making a joke which offended Poles, Italians and Irish all in one go?" "OK, Chuck, don't get your punchlines in a twist. I remember that one well. One of my best. So how about George Bush?" "He writes his own, like Ford did."

"No, Chuck, I mean a joke about Bush. Couldn't we have the President writing on his pad:

"All right George, I know you did it."

"If you're going to plumb such depths of taste, how about making him ask Bush: 'Who was that lobbyist I saw you with last night?'"

"Nancy would veto it, Chuck. Wouldn't wash with the moral majority."

"There's always jelly beans, of course."

"I think we've been overplaying the jelly bean jokes. Washington is awash with jars full of them. Frankly, they're a drug on the market."

"I don't agree. You can never overdo a good thing. Why not have him say to Nancy: 'I never saw anyone throw a jelly bean quite so hard?'"

"Chuck, I think we're into bad taste there again. We mustn't have anything that directly refers to the shooting. People would be offended. Take my wife..."

(Both together) "Please!"

"But seriously, Jerry, I don't agree. I think he should be talking about the shooting. It would make him seem relaxed,

able to laugh about it. How about that old Lincoln joke, 20 years from that, Mr Lincoln, how did you enjoy the play?"

"That's the one."

"Reagan couldn't say that to himself. It has to be said to him."

"We could do a variation: 'Apart from that, I had a very good lunch.'"

"I don't like it much, Chuck. Don't forget he was lurching with trade unionists. They probably gave him hotdogs."

"So it looks like we're stuck with Philadelphia, Jerry. Has him write on his pad that 'C. Fields line about how he'd rather be there. It's not Woody Allen but it's in character and should be good for a titter. What's your next assignment, by the way?'"

"I have to go to the Middle East with Haig and try to win a few laughs out of that. I suppose the President will be asked if he still wants him to go over and he'll answer..."

(Both together) "Anywhere!"

Michael Leapman

But you should have heard the way he told them

New York
I cannot remember if there was ever a book called *The Wit of Prince Philip* or whether it was just a satirical suggestion. Certainly *The Wit of President Reagan* would be a plumper volume. And funnier? Not proven.

The papers here made a great deal last week of how the President had joked constantly with relatives, aides, doctors and nurses after coming so well through his operation to remove the bullet after the assassination attempt. It began with his telling his wife, Nancy: "Money, I forgot to duck." That shows at least what a long memory he has. The phrase was first used by the boxer Jack Dempsey after he was beaten by Gene Tunney in 1926.

Even when his throat clattered with tubes, he was unable to speak, Mr Reagan wrote his jokes down—risky, since some depend on delivery and timing for their effectiveness. He scored his biggest success with another old quotation, from the comedian W. C. Fields: "All in all," he wrote, "I'd rather be in Philadelphia."

Philadelphia, the city of brotherly love, is ambivalent about this joke, with its implication that although it is one of the most dreadful dumps the jester can think of, he would rather be there than where he is. It is not even fair: with its collection of eighteenth century buildings, it is one of the most interesting cities in the country.

Historians of humour are unclear where Fields got the quip from. Some believe it was made originally by one of Mr Reagan's predecessors, George Washington, who became dissatisfied with New York as the federal capital after he was chosen President in 1789. As a result of this chance remark, which he may have made to Alexander Hamilton, the capital was moved to Philadelphia.

A chronically restless man, Washington later made a joke that has survived less well: "Come to think of it, I'd rather be on the Potomac," he told Aaron Burr. It was then that the present-day capital was built and named after him.

Mr Reagan's sense of history showed through in another of the jokes he wrote on his pad. It was said to be a quotation from Winston Churchill, though I confess I have never come across it before. "There is no more exhilarating feeling than being shot without result."

The best humour is always laced with the sting of truth. The test I enjoyed most may well have come from the presidential heart. "You'll be happy to know that the Government is running normally," an aide reported to him on the morning after the shooting.

"What makes you think I'd be happy about that?" he snapped back, as the official joke-recorders chuckled and scribbled it all down.

I know just what he meant. Since Mr Reagan has taken office, normal government has consisted chiefly of an aide squabbling about who is in charge. The insufferable Alexander Haig, always fussing about his status, had made another bid for power on the very day of the shooting, claim-



ing precedence over people who in fact had precedence over him.

That was certainly government as usual and Mr Reagan was right to observe that he might not necessarily be happy about it. I noticed later that day, when he was asked whether Mr Haig should go ahead with his planned trip to the Middle

East, he replied "Yes" with scarcely a thought. The joke scribes did not on this occasion, tell us whether what he actually said was: "Yes, anywhere."

Commentators here have hailed all this merriment as a sign both of the President's courage—which it surely is—and of his spontaneous sense of humour, of which I am less convinced. My own belief that the jokes were written by a team of gag-writers in an adjoining hospital room was strengthened when a transcript came into my hands which has all the appearance of recording their deliberations. Here are some extracts from it, though I must emphasize that I do not vouch for the document's authenticity.

"Well, Jerry, how about a baseball joke?"

"No, Chuck, I don't think so. Nixon was always making baseball jokes and look what happened to him."

"That was football, Jerry. Carter made baseball jokes, but I take your point. Anyway, the season hasn't started yet."

"Don't forget, Chuck, that the eyes of the world are on us here in Washington. Foreigners never understand American sports, let alone jokes about them."

"I guess the same would apply to jokes about Philadelphia then, wouldn't it Jerry?"

"We can always fall back on that if we can't think of anything else. But with an international audience, why not a few about foreigners?"

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THE TIMES

BUSINESS NEWS

French economic policy under test, page 17

Challenge of evolution in minicomputers, page 16

Stock markets

FT Ind 539.6
FT Gilt 70.06

Sterling

\$2.2055
Index 99.5

Dollar

Index 101.1
DM 2.1220

Gold

\$523.50

Money

3 month sterling 121.12
3 month Euro-S 141.14
6 month Euro-S 141.14

Fridays close

Textiles industry in 'state of siege'

The textile industry must now consider itself in a state of siege. It had become a beleaguered outpost in the United Kingdom's industrial wasteland, Nicholas Winterbottom, Conservative MP for Macclesfield and chairman of the all-party group textiles and clothing, told the Federation of Textile Manufacturers Association.

Political guerrilla tactics are now the order of the day in the industry, he said. I am convinced that all things longer come to him who sits in terms of industrial d.

Given the Government's resistance in its chosen economic path, he declared, he could be at all optimistic about the textile industry's future.

Mrs Margaret Jackles, a member of the executive board of the National Union of Textile and Garment Workers, written to Mrs Thatcher complaining about her refusal to set the union and expressing arm at the prospect of the loss 100,000 jobs in the industry the next year. She called on Prime Minister to remove AT on clothing and reduce interest rates and the value of sterling.

£2 designer to retire

John McCallum, chief designer of the QE2, will retire on 30 as Lloyd's Register's ship surveyor, a post he held since 1970. As naval architect and technical director of John Brown and Company Clydebank, in the 1960s, he designed many ships, including the QE2.

waiti denial
Saudi oil minister, denied reports that Kuwait was trying to force its daily output of 1.5 million barrels of oil. Kuwait says complete control on oil and has been imposing own (sales) conditions, he said.

land credit move
Because of a deteriorating national picture in Poland, these exchange banks have recently refused to buy rrl bills and export letters credit from trading houses goods shipped to Poland.

bratlar contract
awler Sidley Power Engineering, of Burton on the Leas, Leicestershire, is to design and construct a £6.7m rry station for the Gibraltar rity department.

lation warning
Construction Surveyors te says that higher inflation could return with the end ne recession, because of the construction industry been run down by the Govent's economic policies.

exports to France
Francis Missotto, the ch trade negotiator, has ed in Tokyo to discuss omic and trade problems, dng Japanese car exports rance.

EEC seeks end to freeze on American aid for poorest countries

From Peter Norman
Brussels, April 5

The European Community is to press the United States to end the freeze on granting low-cost development assistance to the poorest countries.

At a meeting over the weekend outside the Dutch town of Breda, Community finance ministers said that Washington had not made the payments it promised to the International Development Association (IDA), a World Bank affiliate, the single most important source of concessional development finance to low income countries.

Last week it was forced to halt lending because the United States has failed to complete a procedure to pay \$3,240m (£1,472m) to the IDA over the next three years.

Mr Alfons van der Sijpe, the Dutch finance minister, described the meeting as a "brainstorming session" ahead of next month's meeting in Gabon of the interim and development committees of the International Monetary Fund.

Also discussed was the gloomy outlook of the European economy, concluding that countries such as Italy and Belgium with automatic wage indexation, would have to introduce changes to achieve inflation-free growth.

But perhaps surprisingly, in view of the planned meeting in London next weekend of the "Big Five" finance ministers of the United States, Britain, West Germany, Japan and France, there appeared to be no detailed discussions of proposals for a transatlantic dialogue to stabilize interest rates.

Nor, according to Mr van der Sijpe, did the ministers discuss the recent strains imposed on the European monetary system through the intense speculation on a possible devaluation of the Belgian franc.

Mr Rene Monory, the French economics minister, chairman of the International Monetary Fund's interim committee, repeated the need for an immediate need for the IMF to resort to the capital market to raise finance.

Although large increases in fund lending have created liquidity problems and difficulties in finding cash for the poorest developing countries,



Mr Alfons van der Sijpe: differences exist between member states over interest rates.

he said that the IMF had just concluded arrangements with Saudi Arabia that could add \$16,000m to its resources, and was also borrowing from the Bank for International Settlements.

When attention focused on the general economic condition of Europe, the ministers apparently agreed that there was greater need for medium-term supply side economic policies and higher business profitability.

Although the question of high worldwide interest rates may be raised in London next week, it was felt that it was too early to define a European standpoint.

Mr van der Sijpe conceded that differences still exist between member states.

The European monetary committee and the committee of central bank governors has been charged with reconciling the differences which range from scepticism on the part of many central banks and those member states committed to monetary policies to the enthusiasm expressed in Maastricht by Herr Helmut Schmidt, the West German Chancellor and President Valéry Giscard d'Estaing.

The meeting appeared not to discuss a new recycling proposal put forward by Herr Schmidt and M Raymond Barre, the French prime minister in Bonn last week that West Germany and France may raise a large joint loan from Opec countries.

Pru clears hurdle in its bid for Bache

By Michael Priest

An important obstacle to the \$385m (£175m) bid by Prudential Insurance of America, one of that country's biggest insurance companies, for Bache Group, a leading United States financial services company, was removed on Friday when the takeover was approved by Mr James Sheeran, the New Jersey state insurance commissioner.

Prudential's bid was agreed between the two companies last month. The offer is worth \$32 for each Bache share and stands until April 17, although it could be extended. Bache has among its subsidiaries Bache Hatley Stuart Shulds, one of Wall Street's biggest brokerage houses.

Mr Sheeran could have blocked the takeover because Prudential has its headquarters in Newark, New Jersey. A Prudential spokesman said: "It is an important step towards what we believe will be a successful conclusion to our quest of acquiring Bache."

The spokesman added that Prudential had also made other arrangements with regulatory bodies. Although these authorities do not have to approve the takeover they can raise questions which might delay the transaction, expected to be completed by June.

Prudential has assets of \$50,000m, and its proposed takeover is widely regarded in America as opening the way for diversification of the services offered by other financial institutions such as banks.

Bache has many customers across the country and overseas, and it will be able to sell financial products such as insurance. Prudential Banks are prohibited from buying brokerage houses but they are trying to have the ruling changed.

While Bache is a publicly-traded stock Prudential is not. One reason for Bache agreeing to the takeover is thought to be that it was facing an unwanted bid from the Belberg brothers of Vancouver, British Columbia. They hold about 23 per cent of Bache stock.

Bache was made more vulnerable by its expensive involvement with those other brothers, Mr Nelson Bunker and Mr Herbert Hunt, the Texan millionaires. They owned 6.6 per cent of Bache, which conducted a great deal of silver trading on their behalf. When the silver price crashed a year ago Bache was obliged to raise a large line of credit.

Tory call for faster BSC 'break-up'

By Peter Hill

New measures which would accelerate the pace at which the British Steel Corporation bives off many of its activities into separate companies to secure fairer competition between the public and private sectors of the industry are being urged on the Government.

Sir Kenneth Staal, Secretary of State for Industry, is under pressure from an influential group of Tory backbench MPs to take powers which would enable him to direct the corporation to form separate companies for many of its operations, especially where they compete directly with private steel companies.

The move reflects growing disquiet among independent steelmakers, steel stockholders and MPs, at the British Steel's aggressive marketing and pricing policy which they

believe amounts to the corporation using state subsidies to secure business at the expense of the private sector.

British Steel has denied these allegations. Mr Ian McGregor, chairman, has said that the policy is meant to match the price at which imported steel is being sold in Britain.

In a bid to defuse the criticism, the Government has already established mechanisms to monitor complaints made about unfair pricing, and it has also encouraged the corporation to make its activities more "transparent" by forming companies as subsidiaries to run some of its present businesses.

Two large companies were incorporated from the beginning of this month. One has been formed to run the corporation's Stanton & Staveley pipe-making operations and the



Mr Michael Grylls: Leading backbench critic of steel Bill.

has also been reorganized along private sector lines.

But backbenchers, led by Mr Michael Grylls, MP, chairman of the Conservative industry committee, have tabled an amendment to the Iron and Steel Bill, which will be considered at the committee stage tomorrow.

The amendment, if accepted, would enable the Bill to direct the Steel corporation to form separate companies to carry on its activities in the production of cold rolled strip, spring steel flats, heavy forgings, tubes, stainless steel bars, and any other activities as may be prescribed.

The Bill provides the framework under which British Steel effectively could be liquidated if the latest survival plan fails. Once enacted, the Bill will enable the Government to write off £3,500m of capital immediately, with provision for a £1,000m write off.

Report will back private telecom networks

By Bill Johnstone

A report out tomorrow is expected to back the formation of private network telecommunications services in competition with British Telecom.

The report, the result of a study by Professor Michael Beesley, of the London Business School, is expected to call on the Government not to inhibit the formation of alternative networks, like that being planned by Cable and Wireless. It is also expected to be sympathetic to a relaxation of the financial

restrictions at present placed on British Telecom.

The report was commissioned by the Department of Industry at the end of last year, and business is expected to push to have its recommendations implemented.

The opponents of alternative "value-added" telecommunications services have pointed out that the private sector will only operate in highly profitable areas.

A recent study by the Post Office engineering union said that "common sense would

suggest that the specialised common carriers, who are under no obligation to provide services to any particular customer will choose the more profitable routes—for instance, those between the larger urban centres."

The union insists that, if the Government is to promote value-added services and specialized common carriers, then an appropriate tariff structure must be designed to protect the revenues of British Telecom.

The Government will not adopt any of the Beesley con-

clusions until it has gauged the political atmosphere. The debate on the Telecommunications Bill in the Commons last week precipitated pledges from the Opposition that such legislation could well be reversed by any incoming Labour Government.

The Beesley report will also reopen the debate on how British Telecom should be funded. The Treasury has not yet given approval for British Telecom to raise an extra £360m by issuing performance-related bonds.

£2m rise in subsidy for training

By Edward Townsend

The Construction Industry Training Board, which is threatened with closure under the Government's review of statutory industrial training, is to increase the total grant on offer to employers who give training to £46.8m, a rise of £2m.

In a statement being issued today, the board says that the increase continues the policy of recognizing the need to give training-conscious employers considerable financial assistance.

Only about one in five companies within the board's scope claims training grants, although all construction companies are said to use skilled labour.

In the 1980-81 training year, the Government is providing about £10m towards the £46.8m of grants being offered to construction employers. The board says that future public assistance is uncertain but that it can honour its commitments to employers on grants for approved training, at least for 1981-82.

The board has confirmed its levy rates for 1981. These are imposed on employers which do not carry out training, and are expected to raise £42.3m where, with government aid yet to be agreed, will pay for training grants and the board's national training centres.

About £41.5m of the 1981-82 grants will be for retraining of young people entering the industry. The board says that recruitment of apprentices for first-year "off the job" training in 1980-81 is some 2,000 below the target of 33,000, and further decline is forecast.

The board added that it could give no indication of the per capita levy rates for 1982 because of the uncertainties and the proposed transfer of individual board operating costs from the Exchequer to individual industries.

Forecasters condemn 'deflationary' Budget

By Frances Williams

Last month's Budget, coupled with measures announced in November, adds up to a savage deflationary package which will depress output, push unemployment well over 3 million and swell public spending through higher social security payments and weaker nationalized industry finances.

This dismal picture, painted by the stockbroking firm Phillips & Drew in their latest set of economic forecasts published today, directly contradicts the recent assertion by Mr Nigel Lawson, Financial Secretary to the Treasury, that the Budget is not contractionary. But it is in line with predictions made by other organizations, including the Confederation of British Industry, which published its own gloomy forecast last week.

Phillips & Drew estimate that about £7,000m will be taken out of the economy in the coming year as a result of the two sets of measures, with only a limited offset from the cut in interest rates (worth about £700m to industry) and any fall in the value of sterling.

Well over half this huge cut in demand—some £4,500m—will come from individuals facing higher National Insurance contributions, higher income tax because of failure

to adjust allowances in line with inflation, and higher duty on petrol, alcohol and tobacco.

The consequence will be to depress real after-tax incomes further and curb the only buoyant source of demand in the recession up to now—consumer spending. This will delay economic recovery.

They predict unemployment, including school leavers will reach three million unadjusted before the end of this year and rise to 3.3 million by the end of 1982.

Phillips & Drew suggest that output may stop falling in the second quarter of this year, only to level off with no sustained recovery in sight. Output is forecast to fall by more than 3 per cent between 1981 and 1980, compared with the Treasury's prediction of 2 per cent.

On inflation, Phillips & Drew expect the annual rate to fall to around 101 per cent by the end of the year from 121 per cent in February, despite a leap in the Retail Price Index for March and April resulting from Budget and other measures. Single figure inflation is expected for a while next year.

But an upturn in inflation is forecast later in 1982, with sterling expected to weaken, higher oil and commodity prices and companies trying to rebuild eroded profit margins.

White goods deliveries low

By Our Commercial Editor

Deliveries by manufacturers of "white goods" kitchen appliances remained at a low level in January despite a strong share of the January sales.

This was reported by the Association of Manufacturers of Domestic Electrical Appliances, which believes retailers have been meeting the increased demand from stocks such as hairdryers, heated rollers and dry shavers have remained buoyant.

machines have been selling in greater numbers, and tumble driers also have been in demand.

Direct comparisons between maker's deliveries this January and those in the same month last year are misleading because of heavy stocking by retailers in 1980 in the face of a prospective steel strike.

But all key product area deliveries were still down this January. Only sales of products such as hairdryers, heated rollers and dry shavers have remained buoyant.

Employers gloomy on jobs

By Our Industrial Staff

An overwhelming majority of employers in both the public and private sectors do not expect output to increase in the coming six months, according to a new survey of United Kingdom industry and commerce.

Many public sector employers predict that production will stagnate for at least another year.

The survey, conducted by the Manpower employment agency, shows that 73 per cent of employers believe their workloads will not increase before the autumn.

Among the 1,400 employers surveyed 11 per cent expected to increase their staff in the next three months compared with 17 per cent at the same time a year ago. Job cuts are forecast by one in four employers.

China and Russia facing substantial grain shortage

By Our Commodities Correspondent

Warnings that China and the Soviet Union could again be substantial importers of wheat and other foodgrains in the 1981-82 crop year have been given by the International Wheat Council and by Cargill, a leading grain trader.

But on a more optimistic note, the IWC, which coordinates information about wheat consumers and producers, has raised its estimate of the 1980-81 world harvest by one million tonnes to 446 million tonnes. It also still believes that a 1981-82 harvest of 470 million tonnes is possible.

The crop year runs from April 1. China is suffering from serious food shortages in two provinces, Hubei and Hebei, and the IWC estimates that in 1980-81 the country imported around 13 million tonnes of wheat.

But despite generally favourable

prospects for sowings and weather in the new crop year, the IWC says that Chinese grain purchases, particularly wheat, are likely to remain high.

The IWC suggests that a switch in eating habits away from grains such as rice and millet, lack of storage capacity, and poor transport, hindering movement of grain from surplus to deficit areas, have caused the country to ask for aid for the first time in over 30 years.

Imports by the Soviet Union, however, are expected to be large. Cargill has estimated that between October 1980 and October 1981 the Soviet Union will buy about 35 million tonnes of grain.

About half of such grain imports will be wheat, 8 million tonnes of which has been bought from the United States under contracts in force before President Carter declared an embargo.

The Japanese turn tables and offer Western managers a lesson or two Why Sony stays profitable—even in Britain

Mr Akio Morita, co-founder of the Sony Corporation and now its chairman and chief executive, is intensely proud of Sony's production facilities in Britain. He smiles broadly as he talks about his company winning a Queen's Award for exports. Sony is profitable "even in Britain", he jokes.

He made his first business trip to the United States in 1953, arriving in New York as a student eager to learn as much as possible as quickly as possible, about Western management approaches. Now Mr Morita constantly finds himself surrounded on his foreign trips by managers eager to learn from him. The tables have been turned and he enjoys the role of the teacher.

He believes Japanese management systems can be adapted abroad and that the high quality products being made at

Sony plants in the United States and the United Kingdom, which he sees as good as ones made in Japan, demonstrate that he is right. Motivating workers and convincing them that they have a real interest in the long-term success of their companies lies at the heart of Mr Morita's management philosophy.

At a meeting of American and Japanese businessmen in Washington the Sony chief noted that on April 1 the company gave jobs to another 1,000 people who could look forward to 30 years or more working with Sony. He described these employees as "our new friends, the new members of our family".

He recalled how delighted and surprised he was in 1960, just after establishing the Sony Corporation of the United States, to discover that he could dismiss employees in America. He had never dismissed anyone in his life. Then he was equally surprised, he noted, to discover that one of his top United States managers was leaving Sony to join a rival company. This had never happened either to Mr Morita in Japan.

The Sony chief concluded that perhaps the Japanese personnel management system was better. He stressed that every Sony worker was acutely aware that they all shared the same



Mr Akio Morita: Motivation of workers is his philosophy.

fate. They knew that the company's success would secure the future prosperity of every employee. Nobody needed to fear unemployment. "We could not fire people if demand is low and there is a recession. We are all in the same ship together. They are not guilty of causing the recession," Mr Morita said.

He stressed that every effort was made to ensure engineers spent as much time as possible in factories supervising production, meeting with line workers and hearing what they had to say about improving production processes. Morale among all employees is outstandingly high and everyone feels he can contribute to Sony and even one feels he can be promoted right to the top of the company.

It might sound a little too wonderful to be true and Mr Morita is well known as a salesman. But many of the shrewd American businessmen listening to the Sony chief accepted his views and argued that the Japanese were probably far ahead of everyone else when it came to labour-management relations and worker motivation.

The striking thing at this meeting of businessmen was the degree to which roles had been reversed, with Americans now the students and Japanese the teachers. Mr Thomas Vanderslice, president of General Telephone and Electronics, for example, was emphatic that western managers needed to go to Japan more often to learn the ways in which the Japanese managed their employees.

Mr Douglas Danforth, vice-chairman and chief operating officer of Westinghouse Electric Corporation, believed the Japanese could teach us all a great deal about the best ways to reduce costs.

Mr Kazuo Aichi, parliamentary vice-minister for Foreign Affairs in Japan, noted that in industry it was increasingly the case that managers needed not so much the muscles but the brains of their workers. In this area the Japanese have a lot to teach managers everywhere.

Frank Vogl in Washington

Sales volume maintained in a particularly difficult year

Main points from the Statement by the Chairman, David B. Clark

• The increased export turnover from £6,081,000 to £9,982,000 represents once again a record in both value and volume. This increase has been achieved in spite of the high value of sterling and the greater strength of international competition.

• Taking together both our home and export business we were able to maintain our sales volume in what has been a particularly difficult year.

• We have decided to recommend a final dividend of 5.0p per share, making a total of 70p per share for the year as a whole.

• The revaluations of fixed assets totalled £21,651,000 and have been incorporated in the balance sheet for the first time at a surplus of £1,603,000. These revaluations and a revised basis for depreciation have reduced the depreciation charge for 1980 by £350,000.

• In July at a major repair the output of one of our Bamsley furnaces was increased by 25% and new production equipment was installed. The cost of this development was £1,000,000.

• During the year we have joined with other glass manufacturers to stress to the government the damage which is caused by its energy pricing policy. The excise tax on a tonne of heavy fuel oil is ten times higher than in France and more than twice that in Germany and in Holland.

The year at a glance

	1980 £000	1979 £000
SALES		
Home	18,221	16,392
Export & Overseas	7,293	6,081
	25,514	22,453
PROFIT		
Before Tax	1,249	1,729
Taxation	163	(83)
After Tax	1,086	1,612
Dividends	397	476
Retained in the business	689	1,336
Earnings per share	19.2p	34.1p
Dividends per share	7.0p	8.4p

Notes: The calculation of earnings per share is based on earnings of £1,086,000 (£1,612,000) on 5,684,477 (weighted average of 5,317,000) ordinary shares.

The results for 1980 include the consolidation for the first time of our Australian subsidiary which we acquired on 25 September 1979.

The accounting policies for depreciation of fixed assets and revaluations of assets were changed in this period. Consequently the comparative figures for 1979 have been revised.

For a full copy of the Report and Accounts write to: The Secretary, Beaton Clark & Company Limited, 23 Moorhouse Road, Rotherham, Yorkshire S60 2AA.

BEATON CLARK

THE POUND

	Bank buys	Bank sells	Bank buys	Bank sells
Italia S	1.98	1.90	Norway Kr	12.50
ia Sch	35.00	32.80	Portugal Esc	128.00
ia Ft	83.50	79.50	South Africa Rd	2.04
ia S	2.67	2.58	Spain Ptas	194.00
ia Kr	15.40	14.60	Sweden Kr	10.65
ia Mk	9.50	9.05	Switzerland Fr	4.46
ia DM	11.42	10.92	US \$	2.26
ia Dr	115.00	110.00	Yugoslavia Dnr	82.00
ia F	1.33	1.27		
ia Yn	2385.00	2285.00		
ia Gld	497.00	472.00		
islands Gld	5.39	5.13		

Notes: For small denomination bank notes only, as supplied by Barclays Bank International Ltd. Different rates apply to travellers' cheques and other foreign currency facilities.

MANAGEMENT

Facing up to challenge of minicomputer revolution

A business partnership conceived in a Paris taxi 10 years ago has grown so rapidly that the company is now seeking a public quotation.

Two colleagues, unknown to each other but working for the same United States computer company, were attending a conference in Paris. During their stay they shared a taxi; the conversation on that trip formed the basis of a business enterprise. They returned from Paris to their jobs, one to resume his work as a factory manager in Scotland, the other to continue medical marketing in Switzerland.

Two years later, in 1973, Mr David Johns and Mr Tom Fitzpatrick joined forces in a small office over a chemist's shop in Redhill.

Now, after eight years of struggle to finance their concern, they are joint managing directors of CPU Computers based at Woking, Surrey, designing and manufacturing micro-processors, VDU systems and peripheral computer equipment. Projected sales for this year to June are £5m; with profits estimated at £750,000 there will be a 15 per cent return on sales.

From the rented offices they continued working for their previous employers, the US Varian company (now Sperry Univac), as sales representatives marketing its minicomputer systems in the United Kingdom.

Other products distributed were for Wangco Inc (now Perkin-Elmer) and "floppy disk" drives for Schugart Associates, a Xerox division.

It is from this activity that Mr Johns, a mechanical engineer and Mr Fitzpatrick, an industrial chemist, who had worked for both ICI and Fisons, saved £10,000. This was to provide the entire working capital base for the transition from agents to designers and manufacturers.

Much of the drive, says Mr Johns, came from their frustration over the way they saw industry handling the launch of software in this country. According to them, the gap between Britain and its main competitors comes from crucial areas of mismanagement in British industry.

The first, remedied slightly since the early 1970s, is the lack of venture risk capital advanced by the financial institutions.

Second, the status and way in which production engineering is regarded, and how marketing strategies have proved time and time again inadequate at home and abroad.

"Our equivalent in the United States would have been given \$2m for research and development, followed by \$2m for production," he said. "It has been a sad story in Britain."

CPU off the ground—in the early days they were refused loans of overdraft facilities. One bank in fact refused them a £3,500 overdraft.

But it was to be the franchise as sold distributors for Schugart's "floppy disks" which provided the "sugar-daddy" element. Manufacture had always been the long term aim, and the decisive fillip came in 1974, when they attended the National Computer Conference in California. We came back full of mini-computers and how we could start our own systems. This was the real start to the micro-age," said Mr Fitzpatrick.

They started by leasing a 5,000 square foot factory, and with 10 staff, work on the M-One mini-computer began. Aimed at the small businessman, the computer can be used for stock control, payroll, job costing and so forth. Launched in 1977, the machine was well ahead of any competition and cost effective. Some 600 have been installed and CPU has since launched the M-Two, a larger machine with greater data storage and now the M-Three is due off the production line.

Business was growing at such a rate that in 1978 and 1979 they purchased two more factory premises—both cheap from receivers since they were still self-financing all expenditure. A new factory is being built for £500,000.



Mr David Johns (left) and Mr Tom Fitzpatrick, joint managing directors of CPU Computers, at their Woking plant.

Last year they were given a Department of Industry £250,000 grant to finance the development of M-Three. Selling for between £2,500 and £5,000, 700 orders have been placed and they see great potential for this machine in the United Kingdom and abroad.

If the company takes off, as Mr Johns and Mr Fitzpatrick believe it will, the success will have come from finding the right balance in the computer market and the lucrative distribution right for Schugart (also in Europe).

CPU, and its software subsidiary, LSI, which provides marketing, sales and services, now employs 80 people including a team of 22 people involved in research projects.

Scrimgeour, stockbrokers to CPU, says the group has grown from strength to strength and is well placed to benefit from the mini-computer growth. "It is unusual, but the group looks like being a British success story," said one adviser.

Margaret Pagano

Coming to terms with change in South Wales

Mr Joe Lewis is a key figure in the Welsh steel industry. Like thousands of other workers, he has witnessed the ups and downs of the industry over the years. Like them, he has seen ambitious expansion programmes add great slabs of additional capacity, and more recently, he has been at the centre of the draconian contraction which the British Steel Corporation has decided is necessary if the industry is to survive in any shape at all.

He has had a vital role to play. For Mr Lewis is a member of the executive council of the industry's largest trade union, the Iron and Steel Trades Confederation. He is also one of the employee directors on the corporation's main board which last December approved the "survival plan" drawn up by Mr Ian MacGregor, the chairman.

The Welsh works, with the huge plants of Port Talbot and Llanwern the key parts in the old Welsh division which now form part of the strip products group, were likely candidates for total closure. Both are still operating. Mr Lewis and his colleagues are determined to ensure that they will survive.

Over the past 18 months there has been a quite remarkable transformation of manage-



Mr Ian MacGregor, British Steel chairman: Call for an efficient industry.

ment-union relationships the impact of which has been as great as the introduction of the basic oxygen steelmaking process.

After years of miserable performance, delays, inter-union squabbling, gross inefficiency, overmanning and appalling morale, the Welsh plants have slimmed down to internationally competitive manning levels, production records are being clocked up every week and productivity has soared.

Management-union relationships have never been better, craft and process worker demarcation lines have dissolved and a commitment and determina-

tion to succeed is evident everywhere. The vigour and vitality, which is almost tangible at Llanwern and Port Talbot, seems paradoxical at a time when the steel industry is experiencing its deepest crisis since the thirties.

But British Steel cost the taxpayer more than £1,000m last year; total losses for the financial year just ended were an estimated £660m; and this year the corporation has persuaded the Government to provide another £730m.

Behind the MacGregor survival strategy lies the need to get manning levels down, load up plant, reduce costs and drive up the yield and quality of every tonne of steel produced. Because of European-wide overcapacity—where according to Mr Brian Moffat, director of the Port Talbot works, quality is still making losses, but they are leading the efficiency drive.

Vast empty car parks around the sprawling Llanwern site provide a vivid reminder of the scale of demanning which has taken place. Under the first phase of British Steel's Welsh "survival plan" more than 11,000 jobs were scrapped at the two integrated plants out of the 20,000 which were lost in the Welsh steel industry last year. Another 1,400

workers from the two plants were made redundant under the second slim-line programme in Wales negotiated at the end of last year; this change accounted for a total of 5,900 jobs throughout the Welsh steel industry.

Mr Peter Allen, the operations managing director for the corporation's strip products group (which also includes the large integrated Scottish works of Ravenscraig/Cartcass) says: "If you and I had discussed the possibility of securing job reductions of 25,000-30,000 throughout the Welsh steel industry two years ago, I would not have believed it was possible."

But it has happened. And, says Mr Allen, all this has been achieved without the loss of a single day's work in protest. "The scale of the change, the size of the restructuring and the speed with which it has been carried out, on reflection, has been almost breathtaking. It has been the biggest restructuring of the industry by the end of this year."

Will it be enough to ensure the survival of the two integrated Welsh plants? Manning and productivity levels comparable with some of the best in Europe are one thing; a strong market, firm prices and profitable orders are another.

Peter Hill

Fish plant begins to prove its worth

Mr Iain Sproat, the Conservative MP for South Aberdeen and scourge of quangoes, has picked on the fish processing plant at Breasclete in the Western Isles to show the "horrifying inability" of a quango to invest other people's money. The quango in mind is the Highlands and Islands Development Board which has invested £650,000 of public money in Breasclete on the Isle of Lewis. Mr Sproat was scathing about the plant's performance, citing 1979 when losses outstripped turnover.

The attack may yet prove to be rash and leave Mr Sproat with fish on his chin. The figures complained about were for the first year of operation when a heavy loss had been anticipated. In that year the plant was completely untried and not part of the fishery pattern for the area.

Last year turnover increased four-fold and this year it is expected to double again with a substantial fall in the loss. The market base is broadening encouragingly and recently boats from Hull and Peterhead



The converted Danish trawler, Anni Elisabeth, unloading her catch at the Breasclete fish processing plant.

have begun unloading catches at the Breasclete pier in East Loch Roag, using the loch as a centre for operations. "Eight local boats land here now as well so we are slowly becoming an important alternative for vessels fishing in this locality," says Mr Munro Lison, general manager of the plant.

The attraction of Breasclete is its closeness to the Atlantic fishing grounds. Boats with 60

Industry in the regions

Breasclete, Western Isles

to 70 ton catches of white fish can land there without the long expensive voyage to the established markets.

It is a sea area until now neglected by the British fleet. The price skippers receive at Breasclete may be lower but the net result, so to speak, is worse and they are able to return more quickly to the productive work of catching more fish.

Lewis Stokfisk, the company which runs the plant, was formed jointly by the highlands local and A/S Kaut Stokfisk of Alesund, Norway. The £1.7m fish drying plant exports to traditional markets in Scandinavia, Europe and East Africa.

From the start the board expected that the project would take some little time to become accepted and established and there were some big teething problems.

"It is quite logical this should happen. It is on the edge of a sea area rich in fish that is not subjected to a lot of pressure. The demands for fish are high and blue fish in prime condition has revived the traditional long-line method of fishing but with a modern automated system."

A Stornoway family converted the 114-foot Danish trawler the Anni Elisabeth to the "autoline" system. They had help from the highlands board and are now supplying Breasclete. Mr Lison admits there have been substantial difficulties for plant situated so far away from the markets. Drying the fish uses enormous amounts of energy and transporting it to the customers is costly. The time taken by the process means delay in securing a return and this has led to cash-flow problems.

Nigeria is an important customer for the product which is hardly appetising to look at but contains a high concentration of protein.

"Nigeria is desperate for protein with more than 80 million mouths to feed and our production is ideal for the Third World market. It is light and easy to transport and does not require deep freezing," Mr Lison says.

Ronald Faux

LETTERS TO THE EDITOR

Promoting cooperative ventures

From the Director of the Co-operative Development Agency Sir, Mr John Hands' letter (April 3) states the need for an organisation to promote co-operatives but asserts that the Co-operative Development Agency is not meeting that need. This is surprising to anyone who looks at the facts.

I agree in general with Mr Hands' analysis of the functions that such an organisation should discharge. With one exception, these are precisely what the agency is doing. The exception is supplying lost capital, or loan guarantees. Parliament decided that the agency should not have a financing role.

The facts are apparent for anyone with eyes to see them. Since the agency became fully operational 18 months ago, as its work has become known, it has had to deal with a steadily and strongly rising number of

cases. The total stands at over a thousand. Not all, of course, bear fruit.

Of particular interest is the increasing extent which local authorities are looking to the agency for advice and help. And this is not the whole story. The agency is developing a number of new cooperative forms: neighbourhood cooperatives, marketing cooperatives, employee participation cooperatives and co-operative and training and enterprise workshop.

It has drawn new sets of model rules to provide needed alternatives to the model available from the Industrial Common Ownership Movement, valuable though that is. It has negotiated an important tax concession with the Government. And it can claim a large part of the credit for alerting attention to the co-operative as a valid form of organization for doing business.

But it is about business. As the agency has constantly reiterated, co-operation is no easy option. It requires no commercial awareness and a special skill than does a commercially organized business. It provides advantages in motivation, contribution to the creation of a viable enterprise and stable employment.

As for the agency's lack of funds, that is not, of course, logically founded; and may regard this as a de facto agency's approach to work is practical and realistic. Only in this way a successful industrial co-operative can be built up.

Yours faithfully, DENNIS LAWRENCE, Co-operative Development Agency, 20 Albert Embankment, London SE1 7TJ, April 3.

Pension scheme rights for pensioners

From Miss Pamela Duveen Sir, I was pleased to see in Margaret Stone's report (Business News, March 25) that the Bank of England, as well as favouring more pension fund legislation, also share some of the unease expressed in the Wilson report that existing pensioners, as against current working members, have no say in the management of their scheme.

Since my retirement in 1979 I have become increasingly aware that the value of my main source of personal income—that is my occupational pension—is entirely reliant on the goodwill of the scheme's managers and the self-interest of working members. This was brought home to me when a vote was taken of working members on a proposed uplift to pensions made possible by a massive surplus of funds, leaving existing pensioners feeling very much a disenfranchised body hoping for a lucky handout.

It was against the depressing backdrop of the strike and the decline in demand that management and unions in South Wales have forged a new compact which has cut the combined workforce at Port Talbot and Llanwern to little more than 10,000.

Productivity improvements have been impressive. At Llanwern the man-hours required to produce a liquid tonne of steel has been cut to 4.6 and at Port Talbot to 5.7 against nine or more before the strike, well inside the target of 8.5 throughout the corporation by the end of this year.

Will it be enough to ensure the survival of the two integrated Welsh plants? Manning and productivity levels comparable with some of the best in Europe are one thing; a strong market, firm prices and profitable orders are another.

Sir Arthur Hawkins, giving evidence to the Select Committee on Science and Technology (December 18, 1973) stated that the AGR programme was "a catastrophe we must not repeat". Yet two more of them are now being built. In noting this, the recent report (11-1) states: "What the various problems with the AGR programme so far have in common is the additional and wholly avoidable financial burden they have imposed directly on the electricity consumer and indirectly on the tax payer."

Is it not time some new blood was injected into the electricity supply industry?

Yours, etc, KELVIN SPENCER, Woottons, Branscombe, Seaton, Devon EX12 3DN, March 31.

Sir Arthur Hawkins, giving evidence to the Select Committee

Engineers—the neglected men

From Mr A. P. Woolrich Sir, Mr Caplan (Letters, 126) raises a valid point about the neglect of engineers and is to be supported in his plea for more programme to be produced on television with their work.

The reason why engineers neglected today is, I feel, the results of the neglect of the study of technical history in our colleges and universities. The growth of social and economic history in them was matched by a corresponding interest in the history of technology or the lives of engineers. What has been done has been on the social or economic of technical change, rather than the detail of the technical changes themselves.

Even the nineteenth century engineering names which so familiar now are known by the chance Samuel Smiles wrote so about them. There are engineers of the time and biographers, but until the more of an awareness in demotic circles that the technical history is worth research they will, largely, remain in unjust view.

Mechanical engineering has been badly served by technical writers, because technical writers with specialized engineering knowledge are needed to evaluate changing engineering processes properly. Civil engineering, in contrast, attracted attention, possibly because so many Victorian firms of civil engineers and their standing.

More published results, specially written TV programmes about these neglected men, will undoubtedly do much to make better known the work of our modern engineers.

Yours sincerely, A. P. WOOLRICH, Canal Side, Hunsworth, Bridgewater, Somerset TA7 7 March 26.

Electric supply industry

From Sir Kelvin Spencer Sir, An article in your March 31 issue "Electricity wants new deal on energy" quoted Mr Ian Blakey (director, British Independent Steel Producers Association) as saying "there must be grounds for disquiet about the relative efficiency of the United Kingdom electricity industry".

There are indeed. Some of them have been noted in the recent report of the House of Commons Select Committee on Energy (11-1). One of the 91 conclusions and recommendations reads: "Enormous past nuclear investments have had exceptionally low productivity; great resources have been used with little direct return and serious net loss."

Sir Arthur Hawkins, giving evidence to the Select Committee

"A successful year: the level of business remains satisfactory"

Extracts from a statement by the Chairman, MGR Sandberg, O.B.E.

Year's Results and Capital Structure

The British Bank of the Middle East had a successful year with the Bank's consolidated after-tax profit rising from £5,637,649 in 1979 to £9,252,825.

The level of business in our main areas of operations remained satisfactory, with Bahrain achieving a particularly pleasing result, while our Associate, The Saudi British Bank, had a highly successful year.

During the year our capital was increased from £22,500,000 to £52,500,000 by the issue of 30,000,000 Ordinary Shares of £1 each. In addition, our parent company, The Hongkong and Shanghai Banking Corporation, provided a subordinated loan of US\$90,000,000.

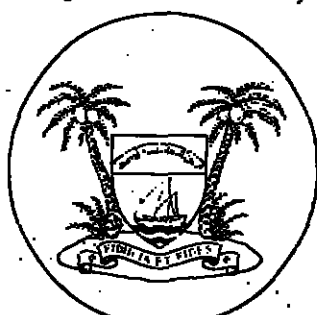
The dividend paid to the parent company was £5,250,000 compared to £3,500,000 in 1979. The consolidated capital and reserve accounts now total £84,348,627 compared to £50,536,071 as at 31 December 1979, an increase of 67 per cent.

Balance Sheet

In line with plans to rationalise the operations of The Hongkong Bank Group within the United Kingdom it was decided that with effect from 1 January 1981 the operations of our Main London Office at 99 Bishopsgate would be transferred to our parent company, The Hongkong and Shanghai Banking Corporation. During the months prior to the changeover date, funds normally placed by us directly in the market were channelled through our parent company. Including the amount due from our parent the overall liquidity remained at a high level.

Although trading conditions remained buoyant advances to customers fell slightly in sterling terms from £498,221,182 to £491,431,203.

During the year the capital of The Saudi British Bank was increased from Saudi Riyals 100 million to Saudi Riyals 300 million. Our share of the increased capitalisation accounts for the increase in the cost of investment in the associated company from £5,336,891 to £15,085,232.



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Associates: Cyprus · Saudi Arabia · Tunisia

Current deposit and other accounts showed a rise from £1,321,434,627 to £1,556,063,951, an increase of 18 per cent.

In accordance with the policy adopted by The Hongkong Bank Group, confirmed credits, guarantees and endorsements have been excluded from the Balance Sheet as these items are now shown by way of note as contingent liabilities.

Middle Eastern Scene

Progress has been steady rather than spectacular with comparatively few new projects being started. Governments are adopting a more cautious approach and are taking longer to evaluate the possible benefits of large investments. Where joint ventures are involved, foreign partners are also looking more closely for assurance of adequate returns. One of the continuing problems is the shortage of skilled manpower.

Though the economic front in the Middle East has been peaceful, the oil world has been troubled. Throughout the year Saudi Arabia struggled to restore a national price structure for crude oil, but unfortunately without success, and the Iraq-Iran war altered all calculations.

I said last year that life had not been easy for Saudi Arabia and the Gulf States in 1979, nor was it likely to become easier in 1980. My fears have been unhappily borne out. Those countries need a settlement of the Arab-Israeli dispute, the unity of the Arab countries, and good relations with Iran. On all these fronts 1980 has brought them major external pressures have increased and internal stresses have not diminished.

Once again Saudi Arabia and the Gulf States have faced with courage and skill the difficulties which others have raised up for them. They have shown resilience which their detractors did not expect, and they deserve more understanding than the outside world accords them.

Staff

The contribution of the staff to the progress of the Bank deserves the highest commendation and merits my personal thanks and that of the Board.

ARTOC BANK AND TRUST LIMITED

announce that
its paid in capital has increased from
US\$10 million to US\$20 million

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The British Bank of the Middle East
A Member of The Hongkong Bank Group

BY THE FINANCIAL EDITOR

Why the stock market took the bait

It is not unusual for the equity market to take off as unemployment moves towards a cyclical peak. Whether that peak will come this year or some time next year is anybody's guess. But for the moment the market believes it can see economic recovery somewhere and the pack has set in full cry.

Regardless, perhaps, of whether economic activity does start to pick up over the coming months or merely stops declining, there are certainly a number of plus points that can be made for equities.

The corporate sector is a great deal healthier than it was a couple of years ago; private sector pay settlements continue to decelerate; there is a strong feeling that a government will not allow sterling to depreciate strongly again, if that is the way market forces appear to be shaping up; and there looks to be a good prospect of a further point or two off MLR by early summer.

Moreover, as far as investors are concerned, it would seem that the government's illiquid capital markets should be held in check, leaving a greater proportion of long-term investment funds available for corporate sector investment.

Indeed, one almost feels that some pension fund managers may be piling into equities now having taken the 2 per cent return offered by the government on the first index-linked issue as something of an insult to their investment skills.

While the equity market is going strong, it is well to notice, however, that there are such signs of enthusiasm at present in a gilt-edged market. In part, that can be attributed to the current bout of indigestion in the market suffering after the fairly heavy riding of the past couple of months.

But it is not the only explanation. Once investors put on their gilt-edged hats they are not likely to be so cautious as they were in the past. The Budget may have been better than expected, but it is still a strong feeling after the experience of the past that the government will deliver this time.

Additionally, there is concern that private sector credit demand has not really decelerated enough for comfort at this stage of the cycle. In other words, and the more so if the public sector is not effectively controlled, short-term interest rates may not be falling much further or for much longer. And just as the market is projecting a rise in the yield curve, the real oil price and the subsequent behaviour of sterling.

Through all these uncertainties, the case for staying with equities is quite simply that the economy will soon start to recover of its own accord or, failing that, the Government will be forced to start progressive reflation in the autumn onwards. A sustained bull market in equities requires the former rather than the latter.

Lorho's debts

Borrowing overseas

Lorho will be hitting the foreign currency borrowing trail again, with a Swiss £80m 10-year convertible issue managed by Banque Keyser Ullmann Suisse expected in the Swiss capital market sometime in next month.

Although this will be Lorho's first foray into the convertible market, it has become a regular currency borrower since it is an understanding to the Monopoles mission during the Suits investigation reschedule more of its heavy short-term commitments onto a longer-term basis to prove its overall funding position.

Its previous currency issues include two eight Swiss franc ones, two Deutschmarks totalling 100m for seven and eight years and a French franc 270m credit over 10 years.

At the end of 1978 Lorho's gross debt £74m of which only £26m was long term is the latest figure shows overall is of £290m of which £130m is now long term, although the overall funding position is improved by the sharp rise in bank loans to interim.

At Lorho's systematic foreign currency borrowing contrasts with the majority of British industrial groups who, by large, have shied away from currency borrowing, apart from the occasional Eurodollar issue to fund an overseas acquisition, owing the currency scars many like Lorho are nursing after sterling's steady revaluation during the 1970s.

Is it right? Lorho argues that because of the proportion of its assets and dividend income is South African-based, whose cur-

rency tends to follow the European ones, currency-matching is not quite so out of the question.

Even on straight currency considerations, however, the strength of sterling since the ending of exchange controls and North Sea oil began flowing—coupled with the still relatively low interest rates available in Europe—has made foreign currency borrowing very attractive.

Depending on how much faith you have in sterling in the 1980s, foreign currency borrowing could become more popular unless our own corporate bond market swings back into action. How many corporate treasurers are likely to have enough faith to overcome their mismatching nightmares?

Garage companies

Only for the bold

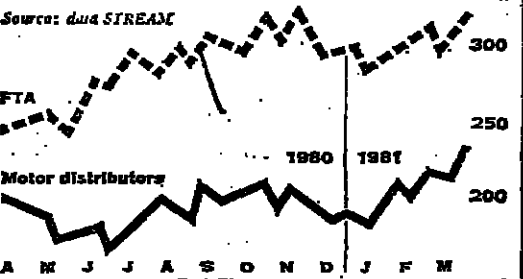
Garage companies offer excitement. The biggest, strongest and probably the best, Kennings, had its best year in 1978-79 when pre-tax profits were £8.4m or 3.5 per cent of sales. In 1979-80 they fell to £3.1m, equal to 1.2 per cent of sales. By garage standards this was excellent. The largest BL dealer, Henlys, saw 1979 profits of £4.3m give way to 1980 losses of £387,000 and the smaller BL dealers fared far worse. Dividends were slashed or passed, which must be remembered when looking at ostensibly high yields.

Another drawback is that of the 30-odd quoted garage companies, only Kennings, Henlys and possibly BSG International engage institutional interest. And even the leaders are small fry. Henlys is capitalized at little more than £13m and a medium sized concern such as Caffyns at less than £4.5m. So investors in motor distributors must be quick to sell when the time comes.

Nearly all the stocks in the sector are already at, or nudging, this year's highs, so they are already looking well beyond a lacklustre year for sales to (one hopes) a boom in 1982. Last year car registrations were 1.51m, nearly 12 per cent down on the year before, making it the worst in motor distributors' memory.

The sales slump caught them with huge stocks carried at high interest rates. Unloading these stocks led to a collapse in prices and severe stock write downs. Before the recent Budget, the Society of Motor Manufacturers and Traders predicted a further 6 per cent fall in sales to 1.42m units this year. Now, industry estimates point to only 1.35m or so. Some observers disagree, arguing that petrol in real terms is no dearer now than a few years ago, and

MOTOR DISTRIBUTORS



that a fall in interest rates on deposits will release money for spending on cars.

Even so, the outlook is still not bright. If, as some say, there are still 450,000 or so cars in stock, discounting will continue, wrecking margins and implying more write downs.

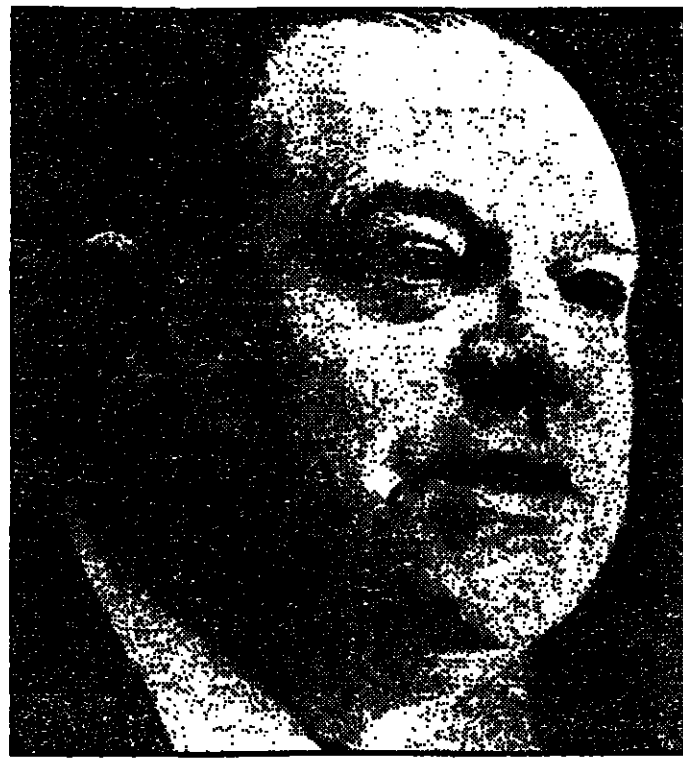
There is another reason for caution. Last year Ford was the market leader while BL had its worst year ever, with only 18 per cent of the market. This year the roles could be reversed after the acclaim which greeted the Metro in October. BL dealers could show sharper profit recoveries this year than Ford distributors, but cautious investors should stick to Ford dealers. The Dagenham group supervises its distributors like Marks & Spencer does its suppliers.

However, garage companies have two big things going for them. First, interest charges last year were frequently 100 per cent to 50 per cent of any pre-tax profits. These charges will drop steeply this year, particularly at Appleyards' and Henlys where surplus assets have been sold. Second, most distributors have plenty of property which is frequently suitable for alternative uses. Appleyards, for example, had a 1980 pre-tax loss of £1.88m. But interest charges were £1.86m. Out went surplus property, and borrowings fell sharply, but only towards the end of 1980. This indicates the extent of the interest saving in 1981.

The wealth of property also points to the sector's other attraction—the vulnerability of many distributors to take-over bids.

President Giscard offers himself for reelection later this month. David Blake reports

French economic policy under test



Behind the rhetoric of being the most monetarist Government in Europe, with the possible exception of our own, the French administration has been pursuing a very careful policy aimed at balancing the conflicting demands of growth and price stability

M Raymond Barre (left), the French Prime Minister, the first economist in France, as President Giscard calls him.

to compare with the million experienced over the past year in Britain.

This is all very different from the scheme of things set out in the Barre plan, France's equivalent of our medium-term financial strategy which was launched just over four years ago.

The aims and the rhetoric of that plan were very similar to those adopted by the Government in Britain. It hoped to squeeze inflation out of the system by imposing control on the money supply. The problems the plan has faced and the way the French Government has adapted to them lie at the heart of the French economic management.

The first, and most important, point to note is that the French Government has not really meant what it said about giving priority to monetary targets. The targets are set for the year ahead to be consistent with the way the economy is thought likely to move. The Government forecasts the inflation rate and the desired monetary growth, and then sets the targets ahead to give it an estimate of the likely change in money out-

put; it then sets its target for the money supply a point or two below this level.

That means the targets cannot be set at a level inconsistent with what is happening in the real economy. But French pragmatism does not stop there. The success rate in actually holding down growth in money supply to the target figure is poor. In 1979, for example, a 10 per cent monetary target resulted in 14.3 per cent growth.

That sort of slippage seems not to worry the French too greatly. Nor does the strain of trying to meet their monetary targets impose itself in the form of higher interest rates, which have bedevilled the Government's policies in the United Kingdom.

France has always been a dirigiste country and when the French want to control money they impose controls on credit. Bank lending in France is restricted by the system of *encadrement* a sort of super-control which limits how much banks can let their customers have.

To ease the squeeze, some kinds of lending for investment and housebuilding are just left

free to grow outside the *encadrement* system. That keeps at least some sectors of the economy buoyant, though it has meant quite a tough grip being maintained on consumer lending.

Lying behind all of these measures is the belief that it is not worthwhile destroying the engine of economic growth just to meet monetary targets in any given year. But in spite of this level-headed approach, the government has found itself trapped in a position where just to stop inflation rising, let alone get it falling, it has had to accept increasing unemployment each year.

It is this which seems likely to be the main weakness in the Government's position in the election.

Unemployment is now 1.6 million and rising. Each year the workforce grows by about 250,000, so that many extra jobs have to be created just to stand still.

But the job prospects in the country's older industries, such as steel and textiles are grim. They are going through a painful period of contraction as the country adjusts to the new

industrial structure which it will need to compete in the 1990s. Forecasts for the mid-1980s vary but few question that unemployment could go above 2½ million by the middle of this decade.

The rise in unemployment which has already occurred and the prospect of worse to come has embarrassed the Government. Matters have been made worse by the fact that during the past few months France has been suffering a milder version of the downturn which has afflicted the rest of Europe.

This has focused attention on the long-term problems which the Government faces and the doubts about whether it can prevent the problem of joblessness getting out of hand. Although the rise in unemployment is slow, the Government's record is already worse than that of Germany.

Opponents of the Government are demanding that the economy should be expanded faster, either through public spending or tax cuts. The President has come up with his own scheme which he says will create a million jobs but which will actually result in jobs already existing. Migrant workers would be sent home and early retirement encouraged.

At the same time the Government is stepping up its efforts to move France into the forefront of the growth industries of the second half of this decade. Public spending is being used aggressively to boost industries such as telematics, the word the French have invented to describe the cross-breeding of computers and telecommunications.

Huge investment in nuclear power is pressing ahead to cut down the country's dependence on imported oil, thus making the economy less vulnerable in future to the actions of the Organization of Petroleum Exporting Countries.

By British standards, France has been a success over the past five years. Its economy has kept on a steady upward path. But by the standards the French had come to accept, with 5 per cent growth and negligible unemployment, the problems look ominous.

We shall see later this month whether it is the fact that they have done so well that has led other countries or worse than they would like which weighs heaviest in French minds.

Oliver Stanley

Have small businesses been let down again?

Banking, insurance and finance companies fail to qualify and there are supplementary rules defining summary. The investors' stake must amount to less than 30 per cent of combined equity and loan capital or voting power. He must not be an employee, paid director, or relative of employees or directors nor the partner or trustee. The company must not be part of a group, nor a 51 per cent subsidiary.

The investor cannot put in less than £1,000 nor more than £10,000 and above all there must be prospects of profit. Moreover, there must be no tax avoidance intention.

So multifarious are the rules that they would exclude any combination of businesses and investors not specifically created to comply. The Revenue is determined to avoid creating statutory tax avoidance vehicles like those widely marketed in recent years.

Tax shelters, as they are known in the United States, have included films, pop music, records and containers. They are based on the proposition that risk of net loss can be reduced or eliminated by built-in tax relief. The Revenue has adopted a hostile posture and is fighting to deny relief similar to that which the business start-up scheme offers. But some tax shelters are commercially viable.

What is so disappointing is that the start-up scheme has

been composed with total disregard for ordinary principles of investment and corporate finance. By implication it requires that company managers shall not possess the experience or track record needed to justify any small investor backing them. These criteria would need to be evidence in a prospectus. If they were, relief would be forfeit.

Backing outsiders is for mugs. Institutional investors expect a profit record in excess of £100,000 a year as a minimum. Small minority private investors, so-called Aunt Agathas, are entitled to expect better past performance before plunking savings into the hot hands of controlling directors.

It will be a rare manufacturing company which achieves acceptable investment standards within three years, the maximum time allowed. Any that have achieved an appropriate success record are unlikely to require share subscriptions in units of £10,000 which would be trivial compared with the total amount of capital employed.

Any who came forward would have collateral reasons, that is they would be employees, brothers or owners of associated concerns and all these are statutorily excluded. It follows that the vision of small investors backing untried manufacturers in unproven enterprises exists in the *Encadrement* House and not in real life.

Financiers need to be rich

and resolute. To encourage a breed of poor financiers to go into business on terms weighted against them seems irresponsible. However, the scheme is expected to elicit only a negligible response. It is calculated that only £50m in tax is likely to be lost, although the estimate is admittedly "highly uncertain". Also the rules of this new game can be loosened up during the committee stage of the Finance Bill and have been drawn tightly enough to permit that to occur.

It is depressing that the Government is taking so cynical a view of tax incentives. "Helping small firms" has become a way of pretending to reduce tax without actually doing so. One day a time when tax incentives were on offer: 100 per cent allowances and grants to persuade industry to reequip with modern plant.

It is doubtful whether even such incentives could ever lead to national economic prosperity, but if these efforts failed what hope for this puny specimen?

One of the world's most exclusive hotels.

Geneva without the Hotel des Bergues is almost unthinkable: this old and beautiful house is part of the city itself, and for some 150 years has welcomed crowned heads, diplomats and international travellers. Its atmosphere is quiet, distinguished and discreet. Set on the right bank of the Rhône, with a breathtaking view of the Alps of Savoy, the Hotel des Bergues is but a few steps away from the banking and business quarters.

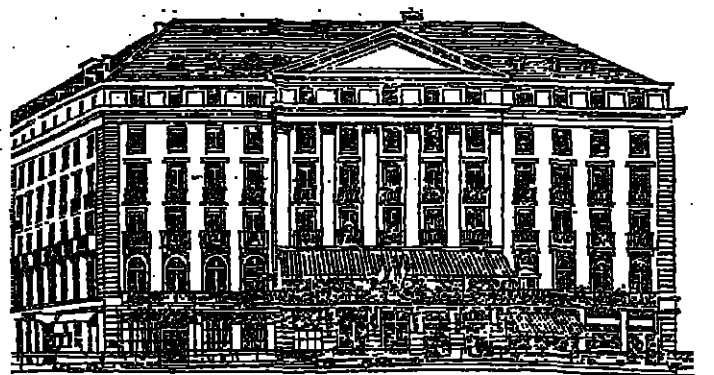
For entertaining and special occasions the Amphitryon Restaurant is as famed for its pleasant atmosphere as its superb menu; the Pavilion provides less formal dining, and tea is also served here.

There are nine rooms available for meetings of all kinds; the Grand Salon will accommodate up to 450 people for banquets and dancing. The 150 guest rooms are spacious and very comfortable.

For reservations telephone 01-567 3444.

Michelin Grand Luxe Diploma of European Excellence

HOTEL DES BERGUES
Geneva, Switzerland



A TRUSTHOUSE FORTÉ EXCLUSIVE HOTEL

Business Diary profile: Chompin' at the Savoy

The law is the true embodiment of everything that's so fascinating about the Savoy. It is the snatch of *tolerance* that may be hummed by one side or the other when later this year, possibly on Thursday, the Savoy Hotel Group for Sir Charles Forte and his associate Forte emerge from arising before a judge.

To judge, Sir Charles and team hope, will grant THF privilege and the plea that they treasure beyond sure of calling over Sir Charles' head meetings of the y's "A" and "B" shareholders to put to the vote a £58m bid.

So determined managers are at odds, each claiming that it is the fitter to rain and improve the trading of excellence in hoteling established when the y was itself established, to a degree disputed by

years younger than *The Times*. And like Harrods and *The Times*, with their present and recent ownership struggles, the degree to which the image is commensurate with reality is being put to the test in a shrinking market by comped-



The Savoy: A hotel "wrestling on its laurels".

not comic opera but Wagner, with Savoy chairman Sir Hugh casting himself as Siegfried to Sir Charles' Albrecht (or is it Hagen?).

My eight years to go to its centenary, the Savoy is neither the oldest of London's best-known hotels (Brown's is 48 years older) nor the biggest (it has 201 rooms, less than half that of the THF flagship, the Grosvenor House).

It is not even the most expensive, for the best suites can be had for just under £250 a night, while about 100 rooms in the Oliver Messel suite at the Dorchester.

To me, before I ever went there, the Savoy meant music, American music, jazz, records, or radio broadcasts from the River Room, Carroll Gibbons at his white piano playing *On the Air* with his Savoy Orpheans.

My first memory of the hotel was unpleasant, though since modified by the unfailing courtesy and helpfulness of the staff.

I went there to report the annual meeting of the British Hotels, Restaurants and Caterers' Association, a task more honourable than enthralling, and at the close I sought to check a point with the then chairman, Sir Hugh Womerton.

"Oh, I don't see that I need answer that, do you?" he said airily and turned away.

However, times change: Sir Hugh now seeks the cooperation of the press in his struggle to have the shareholders distinguish favourably between his management and that of the autocrat of Grosvenor House. And I find myself asking even bigger questions, such as "What is the Savoy?"

The Savoy? It's rather like a flying boat: very attractive, but not much use nowadays. This was the instant reply from the manager of a THF hotel in the West End, newly recruited from another group.

The reaction of an American guest at the Savoy was also that of qualified friendliness. The Savoy, she said, was "old school". It was about service and spirit, an idea Americans liked to have of a more expansive England. Still more Americans liked to come to see what other, yet richer and more celebratory, Americans dine or stay there (the composer Stephen Sondheim was due there at the weekend, John Huston, and Lily Tomlin have just been).

Summing up, she said of the hotel: "I think it could use a little sprucing up, a little 'living in'. Of the present management, she said: "I think they are so anxious to preserve it they might mummify it."

Having had pro and con I struck the middle ground when at a reception I met Dries de Vaal, a partner in hotel con-

sultants Greene, Belfield, Smith.

This consultancy, de Vaal told me, has worked for both the Savoy and THF, but at the moment has a contractual relationship with neither.

"Some of the other top-class London hotels, the Inn on the Park and the Inter-Continental among them, have consistently achieved higher occupancy levels at prices similar or even higher than the Savoy's," he said.

Until a couple of years ago, there had been too little capital spending on the group's hotels, the Savoy included. "While they have been making efforts to get back their image among them, they are still not there."

The Savoy, he said, would suffer further in its image through a THF takeover to the extent that THF's own image was more diffuse, taking in not only five-star hotels but airport catering.

On the other hand, the Savoy, he thought, would benefit from "THF's management expertise, THF's purchasing power and THF marketing muscle worldwide."

And in a delightful slip of the tongue which perhaps sums up the matter, the Savoy, de Vaal said, had been "wrestling on its laurels".

Ross Davies

FINANCIAL NEWS

Scottish Television recovers from strike

Scottish Television made a complete recovery last year from the effects of the eleven-week ITV strike, with profits, before tax, bouncing back from £1.72m to £2.03m, a fractionally better than the £2.02m made in 1979. Turnover jumped 50 per cent to £27.6m, at the December 31, 1980, year-end.

Dividends have also risen sharply after marking time for two years. Payments for 1980 total 12.1p—23.5 per cent higher than the previous year. Sir Campbell Fraser, STV's chairman, stated: "The year

ended on a high note with the award of a new contract for the next eight years" in the Independent Broadcasting Authority's round of awards.

However, STV's recovery in 1980 from the 1979 ITV strike was slowed down by the rising cost of making programmes and staffing the network; and since the start of this year, advertising growth has been slowing down.

Sir Ian warned shareholders that "considerable pressure" will be exerted on STV's profits this and next year in the face of these factors.

St Joe Minerals agrees merger with Fluor

St. Joe Minerals, the American mining company for which Seagram, the Canadian drinks group, has bid \$2,000m, has agreed to merge with Fluor, the Californian construction giant.

Fluor has offered \$60 a share for St Joe—\$15 a share more than the bid by Seagram. Fluor is also offering 1.2 of its own shares for each of the St Joe shares outstanding after the cash tender offer for 45 per cent of St Joe's equity.

The offer values St Joe at about \$1,000m, more than Seagram's original bid. Unlike the

first offer it is not contingent on overturning some states' takeover laws. Attempts by St Joe to have the Seagram bid blocked in the courts failed.

The merger is one of the three major bids for mining companies running concurrently in America. Kennecott, the country's biggest copper producer, has agreed to a \$1,800m bid by Standard Oil of Ohio. Amstar, a leading natural resources company, is fighting the \$4,000m bid by Standard Oil of California.

Leasco option purchase

Leasco Corporation announced in New York that it will exercise today an option agreement with Warner Communications to buy 270,500 shares of common stock of Reliance Group at a price of \$76.50 per share.

As a result of this transaction, Leasco will own 1.6m shares of Reliance Group com-

mon stock, or in excess of 25 per cent of Reliance Group's outstanding common stock.

On September 23rd, 1980, Leasco paid \$2.7m (about £1.2m) for the option to purchase the Reliance Group common stock from Warner during the period between March 16, 1981, until April 7, 1981.

Crown extends offer for Denbyware

By Our Financial Staff

Crown House has extended its bid for Denbyware, the pottery group, until April 23, the day before last when it can improve its £3.4m offer.

It has only received 0.05 per cent of acceptances by the first closing date but said that Denbyware's lack of a profits forecast in its defence document lead to the conclusion that the tableware side would continue to make significant losses and a further dividend cut may be likely.

Crown House also pointed out that the Denbyware chairman, Mr George Robinson, had been unable to forecast that the tableware side would be profitable in 1982.

Denbyware's board, whose friends and associates hold more than 40 per cent of shares, has described the 30p-a-share offer as "impudent".

Sharna Ware slumps to £393,000

Plastics products manufacturer and cash and carry merchant Sharna Ware saw its pre-tax profits fall from £1.07m to £393,000 for the year to December 31, but its dividend is 4.2 per cent up at 4.96p gross, after a £614,000 tax credit, reflecting the higher interim payment but a maintained final.

All divisions were profitable but margins on the manufacturing side came under pressure. Group sales rose 5 per cent to £15.9m.

£186m aerospace sales

Britain's aerospace industry exported a record £186m of goods in January, the Society of British Aerospace Companies said. This was £50m up on January, 1980.

Market seeks pointer to MLR cut

Last week's hectic market trading was partly inspired by confidence that lower interest rates would come. So the market will be looking closely at the state of the money supply and the PSBR figures released this week, as it hopes of such cuts have a firm base.

The results are expected to show evidence that the money supply and the Government's borrowing requirements are under control.

Other economic pointers out today are the wholesale price index for March from the Department of Industry, hire purchase and other instalment credit business for February and retail sales from the Department of Trade.

Also due tomorrow are the London clearing bank's monthly statement and provisional figures for vehicle production for March. On Thursday the Treasury gives the Government's PSBR transactions. The Department of Industry releases finished steel consumption and stock changes for the fourth quarter, and the building societies give monthly figures for March on Friday.

Companies reporting will show mixed news. There should be few surprises from BICC on Wednesday since pre-tax profit estimates accompanied the group's recent acquisition of the United States Steel Corporation. BICC is expected to show pre-tax profits up some 13 per cent to £7.6m. The dividend is expected to be lifted about 10 per cent.

A breakdown of profits has not been released but analysts are pointing to recovery in the industrial division, with profits up to £6.6m against £3.7m last time. Cables UK, is expected to show depressed volume but small growth from £17m to £18m and international trading a slight increase to about £37.5m, which disguises losses from copper stocks.

The group is expected to benefit in 1981—profits esti-

This week

rates are £84m—since BICC started rationalizations three to five years ago and can therefore weather the recession better than others.

Bowater reports on Thursday and pre-tax profit forecast range between £70m and £80m mark. Analysts have revised earlier estimates, and the middle range looks at profits of £78m with a maintained dividend. Although Bowater



Lord Erroll of Hale, chairman of Bowater.

recently announced it had withdrawn from cotton trading, this side of the business will still show a 60m loss for the last year.

Losses too of about £8m are anticipated at investment control newspaper concerns. At the half-way stage profits were up five per cent to £44.7m but the group warned that UK trading continued under pressure, with no signs of recovery. But the North American trading operations, which in the first half year continued at capacity, are again expected to reach a record level.

The better than expected results from the Freeman's (London, SW9) mail order

group last week have tended to push analysts' forecasts for Grattan Warehouses and Empire Stores upwards. Although national forecasts suggest that volume in mail order businesses were down by 2 per cent in the second half of 1980 compared with 1979 some would say this is too drastic.

Empire Stores, after a 34 per cent profits drop at the interim stage, £2.3m are expected to make about £5.5m to £6m in the full year against £9.1m in 1979. Some have pointed to a 30 per cent decline in volume in the second half at Empire



Sir Raymond Pennock, chairman of BICC.

but the drop is not expected to be so great.

But results from Grattan Warehouses are expected to paint a very different picture. After profits of £2m at the interim stage analysts expect losses in the second half and perhaps losses in the full year.

Estimates for Taylor Woodrow's results were between static profits of £24.6m to anything up to a 10 per cent profit increase. At the interim stage the construction group revealed that trading was tough on the international front but that home order books were overflowing with orders some 60 per cent higher than in the

previous year.

But working on tight profit margins the group turned in first-half profits only 7 per cent higher at £8.2m.

TODAY: Interims: Bryant Higgs, Greencoat Props, Bryant Higgs Distillers. Final: Alva Invest, Blantyre Tea, Dreamland Electrical Appliances, M. Mole and Son, Reed Executive.

TOMORROW: Interims: CLRP Invest, MD (Mangula), Scottish Metropolitan Property, Final: Aquascutum and Asda Cos, Ash and Lacy (amended), Bestwood Co, John Finlan, Highcroft Invest, KCA Intl, Leading Props, Southampton Isle of Wight and South of England Royal Steam Packets, Standard Chartered Bank.

WEDNESDAY: Interims: Dowding and Mills, North Atlantic Sea, Peter Stores, Photo-Me Int, Sterling Credit (amended), Walker and Homer. Final: Aurora Higgs, Bifurcated Interiors, BICC, Christies Intl, Dorada Higgs, Empire Stores (Bradford), Gill and Duffus Gp, Glyndwr, Grattan Warehouses, Greenbank Industrial, Higgs and Hill, S. Jerome and Sons, Lec Refrigeration, London Brick, New London Props, Portals, Royal Worcester, Senior Engineering, A. G. Stanley, H. Sykes, Yorkshire Chemicals.

THURSDAY: Interims: Dhani Higgs, Final: Asda Book Publishers, Automotive Products, Blackwood Hodge, Bowthorpe Higgs, Bowater Corp, Clarke, Nickolls and Coombe, Feb Intl, General and Commercial Invest, General Investors and Trustees, Green's Economiser, Lead Inds, F. J. C. Lilley, Midland Inds, Morgan Crucible, Ruberoid, Stewart Wrightson, Taylor Woodrow, Florida Gp, Ward White Gp, Watts, Blake, Bearne, George Wills and Sons. FRIDAY: Interims: None announced. Final: Brown Boveri Kent, Fothergill Harvey, Lyle Shipping, F. Miller (Textiles), Rock Darham.

Margareta Pagano

Ramar Textiles improves

County Durham dressmaker Ramar Textiles turned its £200,000 interim profit to £250,000 loss in the twelve weeks to November 30, but says it is now operating profitably.

Stocks have been cut by borrowing costs were high the first part, while sales fell. Sales were £6.5m, against £7.1m, over a twenty-seven period the year before. Board now hopes to see a year profit. The group is not paying interim dividends.

George Spencer do to £1,000 pretax

Nottingham knitwear George Spencer's profits from £32,000 to a £1,000 in the year to December 31.

There is no final dividend though a 1.14p gross interim payment was made earlier, slipped 1.2 per cent to 1.13p.

Interest charges rose 7.44 per cent to £202. There was a small tax credit of £86,000. The pre-tax profit is struck after bad debts and a deducted water authority charge.

William Jacks omit final dividend

Car distributor Will Jacks' turnover rose 4.4 per cent to £14.5m in the year to December 31 but, its pre-tax profit fell from £411,000 to £221,000 and there is no dividend.

An interim payment of gross was paid earlier in year.

There is an extraordinary debit of £160,000, leaving group with a net loss of £141 after overseas taxes and small United Kingdom credit. Current cost losses a tax work out at £430,000.

Civil engineering lo slows Stanley Miller

Heavy losses at its Dorin subsidiary on a civil engineering contract, as well as losses in its private housebuilding and the overseas associate, Newcastle-upon-Tyne, Stanley Miller Holdings, pre-tax profits of only £60 for the year to December against £263,000.

Dividends have been maintained at 2p gross after £467,000 tax credit. Group sales rose to £16.9m from £1. The Saudi associate company lost £27,000 but its performance is expected to improve.

Bank Base Rates

ABN Bank	12%
Barclays	12%
BCCI	12%
Consolidated Credits	12%
C. Hoare & Co	12%
Lloyds Bank	12%
Midland Bank	12%
Nat Westminster	12%
TSB	12%
Williams and Glyn's	12%

* 7 day deposit on sums of £10,000 and under 9%, up to £50,000 10%, and over

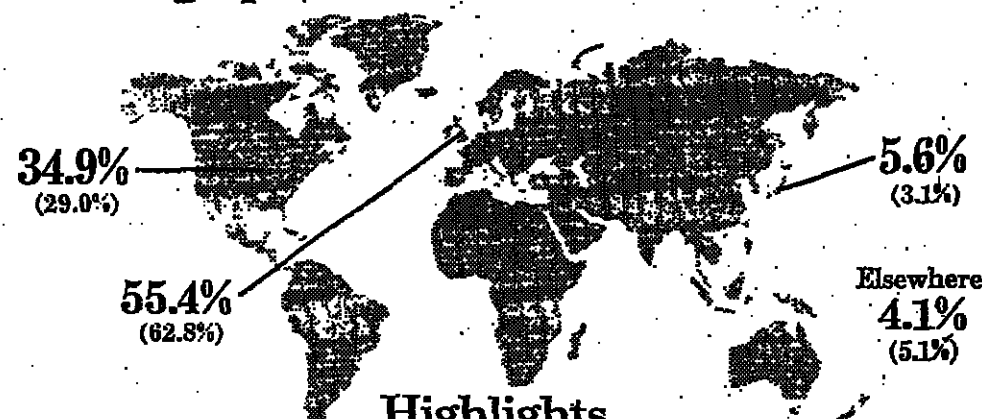
The Scottish Eastern Investment Trust Limited

A member of the Association of Investment Trust Companies

Annual Report Year Ended 31st January 1981

	1981	1980
Earnings per Ordinary Share	3.48p	3.36p
Total Dividends per Ordinary Share	3.25p	3.20p
Net Asset Value per Ordinary Share	101.2p	86.9p

Geographical Distribution of Portfolio



Highlights

- Excluding non-recurring receipts, earnings rose by 17.6%.
- Gross dividends paid have increased by 100.9% over five years—in same period Retail Price Index up 87.5%.
- Advantage taken of strength of sterling to switch funds overseas.
- Net Asset Value per share up 16.5%. All Share Index up 14.8%.
- Policy and Prospects
- U.K. industry currently depressed but on any upturn substantial opportunities for improved productivity.
- In U.S.A. practical difficulties face new Administration but growth will persist in certain industrial and geographic areas.
- Japan only major economy where real growth foreseen.
- Aim to have 50% of portfolio invested overseas one fifth of which in Japan.
- Significant transfer of funds abroad and uncertainty regarding U.K. dividends will have adverse impact on near-term income. However, it is hoped that dividend growth will continue, albeit at more modest pace.

To obtain a copy of the Report and Accounts return this coupon to the Managers and Secretaries, MARTIN CURRIE & CO. CA, 29 Charlotte Square, Edinburgh EH2 4HA.

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Address

Brokers' views

Uncertain outlook in equities

Last week the FT Index of the top thirty companies reached 541.9, its highest level in 22 months, and just 657 short of its all-time high achieved on May 4, 1979.

The question now being asked by many investors is just how long can the equity market sustain the resilience which has allowed it to achieve lower profits, reduced dividends and a deflationary budget?

In his monthly indicator of the equity market analyst Keith Percy, of brokers Phillips & Drew, says that rarely can the medium term outlook for equities have been blurred by so much uncertainty surrounding the success of the Government's policies and such important market variables as sterling and inflation.

Certainly, he adds, the short-term outlook for profits has worsened and share prices look significantly overvalued in terms of p/e ratios. Against this, he argues, equities look reasonably valued compared with long gilt yields and will probably move upwards, if as he believes, long gilt yields decline in the future.

As a result, the upside potential for share prices does not seem large, but the downturn also seems limited unless dividends and profits take a turn for the worse.

Brokers Quilter Hilton Goodson reckon that although the Budget came in for strong criticism it was a direct attempt to bring the money supply under control. Furthermore, the economic outlook has not been substantially altered by the Chancellor's measures and it now looks as if the worst of the recession is over and an improvement in company profitability is expected by the end of 1981.

This view, they add, is reinforced by the recent strength of the capital goods market which supports their view that the equity market is likely to continue to perform reasonably strongly for the remainder of the year.

According to brokers Bone Fitzgerald, the gilt market can be justifiably proud of its recent achievement, which saw it produce a record amount of money. A total of £1,400m has been issued, of which the non-bank sector has bought a net £850m.

Even though MLR was cut by five points in the last financial year and the scope for cuts in the new period is likely to be a lot less, longer dated bonds should still provide similar total returns.

Michael Clark

Business appointments
Fisons Fertilizers director

Mr Peter W. Gibbs has joined the board of Fisons Fertilizer Division with responsibility for sales, marketing and distribution. He was formerly the marketing and sales director of Quaker Oats. Mr Clifford E. Draball has become a director of Hinton Hill & Coles (Marine), a subsidiary of the Hinton Hill Group.

Mr Terence Higgins, managing director of Bruntingbury Gravel and Wampl Gravel, is the new vice-chairman of the Sand & Gravel Association.

Mr R. H. Nicholson has been appointed chairman of the Confederation of the Food Industry Education Foundation in succession to Sir John Partridge who has retired.

A chance to share in \$800bn

Briefing

Tarpon Springs, Florida.—American pension funds today control assets worth over \$800,000m (£360,000m), but it is unlikely that more than 1 or 2 per cent of this massive volume is invested abroad, according to Mr Frederick Horne, a vice-president of the State Street Bank and Trust Company of Boston. He feels that many United States pension funds are now actively searching for international investment advisers.

The opportunities for brokers and banks in London are seen as vast. Investment advisers and also as custodians of foreign securities owned by United States pension funds are immense. This was the opinion of a number of administrators of some of the pension funds who were attending a conference here arranged by the State Street Bank.

Many of the United States funds are becoming so big that diversification of their assets into as many different types of markets as possible is becoming essential. Mr Steven Brock, one of the managers of the pension fund of the General Telephone and Electronics Corporation, said. He noted that few foreign institutions are equipped yet to provide the detailed information and very swift service that they have become used to from their United States advisers and custodians.

The services being developed by Exel in London in the research area are good, but not sufficiently comprehensive, he said.

The fund managers at this conference suggested that a London firm that could provide good research material,

cover all non-United States markets, and consistently secure reasonable performance rates, could do exceptionally well if it developed a marketing programme aimed now at attracting the United States pension funds. But it is not only in the investment where rich rewards are to be had.

Mr Ronald Golz, a senior vice-president at State Street, is about to go to Europe and Asia in search of institutions which could act as custodians for the foreign securities held by United States pension funds.

State Street acts as custodian for \$62,000m of assets owned by pension funds and mutual funds. It sometimes handles 10 per cent of the business volume on the New York Stock Exchange. It deals with all the paperwork involved in the buying and selling of securities by its fund clients, doing all the valuations and accounting and providing a comprehensive management service.

State Street employs about 600 professionals in its custodian business, and it uses the most sophisticated computers. No British institution operates in the same way, can offer as comprehensive a service or is as mechanized.

But Mr Golz believed that it makes far more sense to seek custodians abroad who intimately know local markets, than for State Street to establish its own overseas custodian operations.

United States Economics Correspondent

Petroleum Exchange to get warm welcome

Commodities

Whatever you may be seeing from your window, Spring is here in the commodity world, if not the real world. The first of the new crop of seasonally adjusted markets is the International Petroleum Exchange, which is refurbishing doors in the old coffee market this morning.

There seems to be general enthusiasm for this new venture. The full complement of 35 floor members has been reached, and the market opens with 22 trade members. Mr Robin Woodhead, chairman of the market, expects that the number of trade members will rise to about 30 by the end of the week.

Inter-exchange beyond London commodity traders and brokers, however, to a good spectrum of the oil business. Majors—including British Petroleum which is a trade member—and physical oil traders, as well as merchants and the important Rotterdam and Rhine barge traders, will all have heady eyes fixed on the market's progress.

The main terms of the contract are little changed from those originally proposed. Deals are for a minimum of 100 tonnes of heating oil, denominated in US dollars, with a minimum price fluctuation of 25 cents.

The gas or heating oil, which is called upon you have to deliver is a crude oil with sulphur content to the successful New York contract. But the difference will allow for arbitrage, and it is partly with this possibility in mind that trading hours have been designed to encompass the Rotterdam exchange market and New York.

What has changed, however, is the little matter of the oil market. Physical stocks are very high, chiefly because of a mild winter. Industrial depression, and efforts at conservation. Equally telling is a considerable

excess of refining and cracking capacity. Refineries are running at roughly 60 per cent of their potential.

As a consequence of these two factors, the overall market is exhibiting some pretty odd characteristics. The spot crude price is about \$300 a tonne, valuing a London contract at \$300,000. Experience of the last couple of years suggests that the ratio of crude to product prices is about 1:31. On that basis gas or heating oil should be fetching around \$350 a tonne, so futures would trade at a premium to that.

But to behold it is not so. May delivery gas oil in New York was trading at about \$290 on Friday, and September was \$308.50, down from a quote of \$321 at the end of February. Looking to the end of the year, December delivery gas oil on the New York Mercantile Exchange was at \$325.50.

Only heavy fuel oil—the prime beneficiary of the drastic refining cut back—is not at a discount to spot crude.

How lighter products will move in this curious market is a subject of speculation, in every sense of that delicate word. Much depends on whether the oil companies prefer to buy heavy refined products to crack into lighter ones.

There is also the tricky question of why the spot crude price is holding up so strongly. But such a market, however unusual, is probably good news for the IPE. Price movements and the hedging needs of users are essential to create volume.

Michael Prest
Commodities correspondent

M. J. H. Nightingale & Co. Limited
27/28 Lovat Lane EC3R 9EB Telephone 01-621 1212

The Over-the-Counter Market

Capitalisation £000's	Company	Last Price	Ch'ge week	Gross Divid.	Yld %	P.E.
4,047	Airsprung Group	70x2	+3	6.7	9.6	6.3
1,250	Armstrong & Rhodes	50	—	1.4	2.8	20.6
11,609	Bardon Hill	190	+1	9.7	5.1	7.1
7,539	Deborah Services	98	+3	5.5	5.6	4.9
3,937	Frank Horsell	105	+1	6.4	6.1	3.3
7,223	Frederick Parker	50	+1	1.7	3.4	21.7
1,491	George Blair	70	-3	3.1	4.4	—
2,675	Jackson Group	107	—	6.9	6.4	4.9
16,286	James Burrough	118	—	7.9	6.7	9.7
3,264	Robert Jenkins	320	-5	31.3	9.8	—
2,460	Scruttons "A"	51	—	5.3	10.4	3.7
3,262	Torday Limited	212	-3	15.1	7.1	3.6
2,798	Twinkl Ord	103	+1	—	—	—
1,966	Twinkl 15% ULS	72	—	15.0	20.8	—
7,019	Unilock Holdings	46	—	3.0	6.5	7.1
12,653	Walter Alexander	100	—	5.7	5.7	5.5
6,068	W. S. Yeates	260	+1	13.1	5.0	4.9

This advertisement is issued in compliance with the requirements of the Council of The Stock Exchange

P.M.A. HOLDINGS LIMITED
Incorporated in England under the Companies Act 1948, No. 86383

Rights Issue of 1,115,293
10 per cent. Convertible Cumulative
Redeemable Preference Shares of
£1 each at Par

The Council of The Stock Exchange has admitted the above shares to the Official List. Particulars of the Shares are available in the statistical service of Exel Statistical Services Limited and copies may be obtained during usual business hours up to and including 24th April, 1981 from:

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London EC2V 8JE

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announce that
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has become a 20% shareholder

Head Office Charlotte House Charlotte Street P.O. Box N8319 Nassau, Bahamas
Tel: (809) 32-51183 Telex: 20270 ARTOCBANK

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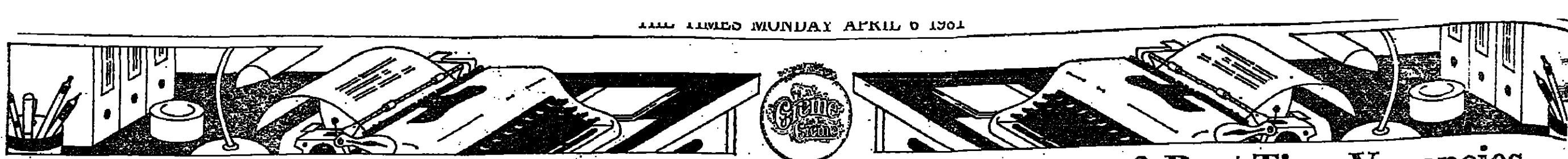
75, James Street,
London, SW1A 1EE, England
Telephone: (01) 930-8932
Telex: 916247

9 rue de la Paix,
Paris 7^{ème}, France
Telephone: 361-64-38
Telex: 214636

100% 40.0 30.0 20.0 10.0 0.0

(Current market price multiplied by the number of shares in issue for the stock quoted.)

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